

2021
ANNUAL
REPORT

LIVABLE CITIES

**ACCELL
GROUP**



PDF/PRINTED VERSION

This document is the PDF/printed version of the 2021 Annual Report of Accell Group N.V. in the European single electronic reporting format (ESEF) and has been prepared for ease of use. The 2021 Annual Report was made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op het financieel toezicht), and was filed with the Dutch Authority for the Financial Markets in European single electronic reporting format (the ESEF package). The ESEF reporting package is available on the company's annual report website at <https://annualreport2021.accell-group.com>. In any case of discrepancies between this PDF/printed version and the ESEF reporting package, the latter prevails.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements, such as statements regarding trends or Accell Group's outlook and future plans, strategies, financial results or financial condition. Generally, words such as "may", "will", "should", "continue", "believes", "aims", "intends", "expects", "anticipates", "targets", "plans", "seeks", "estimates" and similar words identify forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risks and uncertainties are difficult to predict and many are outside the control of Accell Group. A number of factors could cause actual results or outcomes to differ materially from historical experience or those expressed or implied in said forward-looking statements. Factors that may cause actual results or outcomes to differ from current expectations include but are not limited to (macro)economic, market, societal and business trends and conditions, changes and developments in legislation, technology, taxes, jurisprudence and regulations, share price fluctuations, supply chain disruptions, component shortages, legal claims, investigations by regulatory bodies, the effects of competition and competitive developments, the ability to attract and retain personnel, risks and uncertainties surrounding or stemming from the announced public offer for Accell Group and general economic and/or political changes and other developments in countries or markets in which Accell Group operates. These and other factors, risks and uncertainties that may affect any forward-looking statement and could cause future results or outcomes to differ materially from those described in the forward-looking statements are described in Accell Group's annual report. The forward-looking statements contained in this document speak only as at the date of this document. Accell Group does not accept any liability for any forward-looking statement contained in this document and expressly disclaims any obligation to update or revise the forward-looking statements contained in this document, whether as a result of any new information, future events, a change in expectations or for any other reason, unless Accell Group is under a legal obligation to do so.

Accell Group N.V. recurs in this Annual Report as: "Accell Group", "Accell", "Company", "Group", "We", "Us" and "Our".

TABLE OF CONTENTS

THIS IS ACCELL GROUP	5
Company statement	5
Our purpose	7
Livable cities story: Industry meets science	9
Our premium brands	12
Key figures 2021	13
Message from the CEO	16
Strategy	18
Value Creation Model	21
The Board of Management	26
PERFORMANCE 2021	28
Financial performance	28
The share	34
Key market trends	37
Management agenda and outlook	40
Progress 'Lead Global. Win Local'	41
Environmental and social performance	44
Livable cities story: Groningen	66
Governance and Compliance	68
Livable cities story: Cycling Industries Europe	95
SUPERVISORY BOARD REPORT	98
Composition of the Supervisory Board	98
Supervisory Board Report	100
Livable cities story: London	110
2021 Remuneration Report Board of Management	112
FINANCIAL STATEMENTS	123
1. Consolidated balance sheet	124
2. Consolidated income statement	126
3. Consolidated statement of comprehensive income	127
4. Consolidated statement of cash flows	128
5. Consolidated statement of changes in equity	130
6. Notes to the consolidated financial statements	131
7. Performance	135
8. Working capital	141
9. Net debt and equity	146
10. Non-current assets	155
11. Other non-current liabilities	164
12. Derivatives and hedge accounting	172
13. Financial risk management	175
14. Fair value measurement	182
15. Tax	185
16. Other	189
17. Company balance sheet	197

18. Company income statement	198
19. Notes to the company financial statements	199
Livable cities story: Paris	207
OTHER INFORMATION / APPENDICES	209
Independent auditor's report	209
Statutory provisions related to profit appropriation	219
ADDITIONAL DISCLOSURES	220
Historical overview	220
Livable cities story: Berlin	222
Our premium brands	224
Award-winning innovations	228
Material topics	236
Networks and stakeholder engagement	241
Employee and sustainability data	243
Taxonomy Regulation	256
Scope of the reporting	258
Reporting standards and guidelines	259
ADDRESSES	265
Colophon	267

LIVABLE CITIES

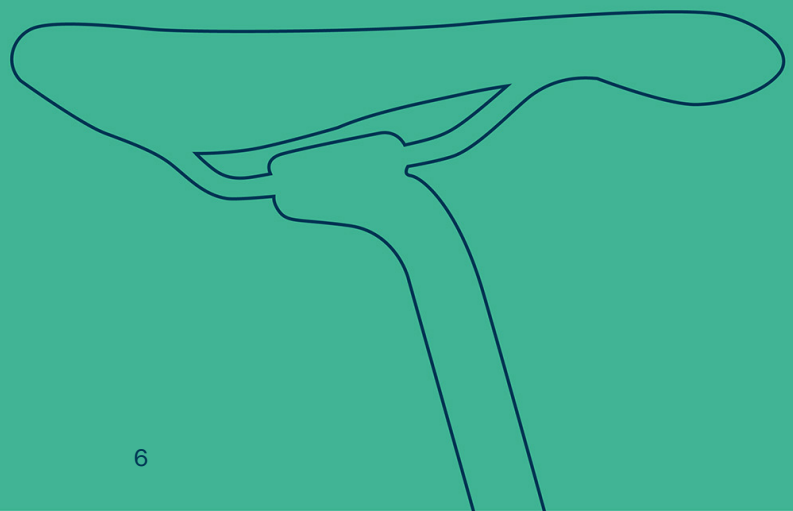
We strongly believe that people have the power to change the world for the better. And they will do this partly through cycling. Cycling has the power to uplift people's lives and their communities and it is an essential component when planning sustainable and livable cities. Around 2.5 billion more people will be living in cities by 2050.

We therefore need smarter infrastructure that connects us to the people and places we love. With urbanization fast approaching, lack of space, pollution and noise are all on the increase. We need to ensure that people can continue to lead livable and active lives.

Accell Group is the European market leader in e-bikes and second-largest in bicycle parts and accessories. Our 3,495 employees work closely together with tens of thousands of local dealers throughout Europe. By combining our sense of caring with our people, our products and leadership in innovation and sustainability we are helping cities to meet some of the many challenges they face.

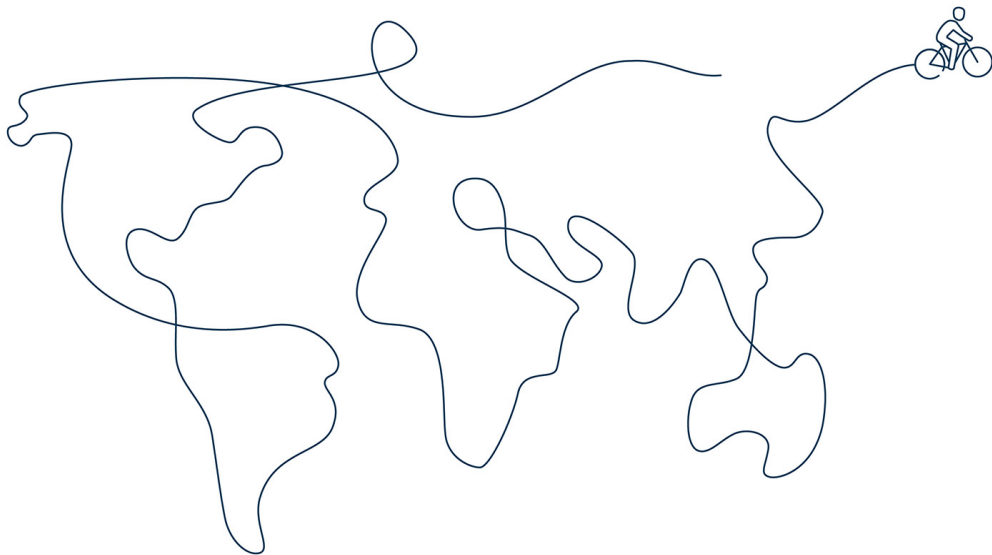
2021 was another transformative year for us and the international bicycle industry. High demand for bikes, notably e-bikes, further driven by the pandemic and the push for greener cities have attracted over a billion euros in investment into cycling throughout Europe since the pandemic began. Bikes are also recognized as a key component of the post pandemic “green recovery” because they are a reliable, fun, clean and environmentally-friendly means of transportation.

These times show us the potential which cycling has to change lives and communities. Our purpose: “Cycling moves the world forward” is truer today than ever.



CYCLING MOVES THE WORLD FORWARD

Accell Group designs and produces bicycles and bicycle products. We get people and goods moving. Every day we see bicycles making a difference. They give people a better life, making them physically and mentally healthier. They help create thriving cities with less congestion, less noise and cleaner air. All together this brings us a step closer to a livable planet.



**CYCLING HELPS GIVE
PEOPLE A BETTER LIFE**

**CYCLING HELPS CREATE
LIVABLE TOWNS AND
CITIES**

**CYCLING IS THE BEST
TICKET WE HAVE TO A
HEALTHIER ENVIRONMENT**



INDUSTRY MEETS SCIENCE

TOWARDS A RELAXED, THRIVING CITY

A meeting of two worlds. The scientific urban planner who researches the relationships between mobility, the city and society, in dialogue with the business leader who keeps one of the largest bicycle manufacturers in Europe on track. Two analyses, each of which follows its own course. But both are in surprising agreement on the final destination. Ton Anbeek (CEO Accell Group) in conversation with Professor Marco te Brömmelstroet (University of Amsterdam) on livable cities.



Ton Anbeek and Marco te Brömmelstroet held their conversation at the end of 2021 in De Fietser, Accell Group's Experience Center in Ede. While at the time the silence of the lockdown dominated, the location is a place where bike-lovers, like kids in a candy store, can test out shiny new two-wheelers and accessories.

Marco: "This place really strikes the chord of what cycling is in my mind: a warm, sympathetic feeling of being 'on the road' together and sustainably."

Ton: "That matches nicely with Accell's purpose: we see cycling as the most sustainable form of transport, which among other things contributes to the creation of livable cities. With fewer traffic jams, less noise and reduced air pollution."

Marco: "I think livable cities are no less than a basic requirement. We need to raise the bar and preferably talk about a relaxed, flourishing environment. The bicycle can create a major role for itself in the creation of such a modern, open city where residents live together freely, safely and in good health. Bicycle manufacturers can contribute to that, for example, by ensuring that bicycles win back terrain on the streets from cars."



Ton: “We think it’s important, and it’s in our interest, that officials in European cities and rural areas build infrastructure where cyclists can move freely and safely. But our power to overcome the obstacles to providing more room for cyclists is limited, we aren’t a political organization. Meanwhile Accell does take action where it can: we work together with national and European cycling associations and other interest groups in order to persuade the authorities to adopt this agenda into their policies. If and how they implement this is neither our role nor our expertise.”

Marco: “I understand. But I think the sector can indeed demand a bigger role for itself. Let me put that in a Dutch historical context. From the beginning of the 1930s, due to the invention of the automobile, planners saw the world from a traffic engineering point of view, and that was particularly the case regarding cities. Up until that point, public space belonged to everyone. With the increase in motorized traffic a new language crept into urban planning, where the car became written in capital letters. As the years went on, that language began to solidify, with frames such as: “we want to get as fast as possible from A to B,” and that must be “safe and comfortable” and that “driving a car is a privilege which stands for individual freedom.”

In the early 1970s, the bicycle began to gain a foothold in this frame of mind with a different narrative. That of the anti-authoritarian counterculture: the ability to move around freely with a friend riding on the luggage rack. Travelling through the city smoothly, upright relaxed and “dancing” with each other across marketplaces and through neighbourhoods. The bicycle became the symbol for the valuable moments in life, with “on the road” being the means and the end. Sociologists endorse this and they emphasise that cycling connects society. It stimulates diversity and citizenship and it is a metaphor for connection, a sense of neighbourhood and mutual trust.

The strong historical-cultural position which the bicycle has, has brought a lot of good to the Netherlands, such as the intricate network of cycle paths. However, that development has stagnated, the narrative is showing a bit of wear. Over the past 20 years, 27% of all transport movements in the country took place on the bike, so 73% didn’t. And that ratio remains constant. The bicycle is not winning further ground. This means that relaxed, free cities do not evolve, even though research tells us that people want them. They value the bicycle, but the story does not penetrate sufficiently, even in a traditional cycling country such as the Netherlands. Cyclists should demand their space in the streets more emphatically in relation to the car. Society would improve if they did.”



Ton: "You paint a nice picture, which partially connects to our own message. At Accell over 3,500 people work to make cycling pleasant, comfortable and safe. We invest in innovations which connect with consumers' and society's needs. Take for example the e-bike and the e-cargo bike: All those bikes would thrive even more if European countries, and cities in particular, would improve their infrastructure in order to match the needs of various groups of cyclists, of all ages and with different wishes. We do see some positive developments: cycling-only streets in Amsterdam, cyclist-friendly traffic rules in Paris, and car-free neighbourhoods in Barcelona. In the Dutch countryside, local authorities build kilometres of new high-speed cycle paths every year. But indeed, there are very few neighbourhoods where people can let their kids play outside worry-free, like used to be the case."

Marco: "Let us as a society, and I also mean bicycle manufacturers here, say more often that our streets are places where children, adults, the elderly and all other road users shouldn't be afraid. Where young children can cycle and walk to school on their own, carefree. In my residential area here in Ede there are 1,300 families and there is literally nowhere where kids can play on the street or cycle carefree."

It is simply not safe. We have to get out of that false frame that cycling is dangerous. Cyclists are in danger, and that is something quite different. Let's separate cause and effect and tackle the problem at the source."

Ton: "I totally agree with you on this. In a city like Groningen, by the way, we see that they do have some great plans for more cyclist-friendly infrastructure. It will take some time, but let's hope that with more such examples, we will all soon enjoy chilling out on our bikes in flourishing cycling-friendly cities all over the world."

Ton Anbeek: "Accell works together with national and European cycling associations and other interest groups in order to persuade the authorities to adopt this agenda into their policies."

'LET US AS A SOCIETY SAY MORE OFTEN THAT OUR STREETS ARE PLACES WHERE CHILDREN AND ALL OTHER ROAD USERS SHOULDN'T BE AFRAID'

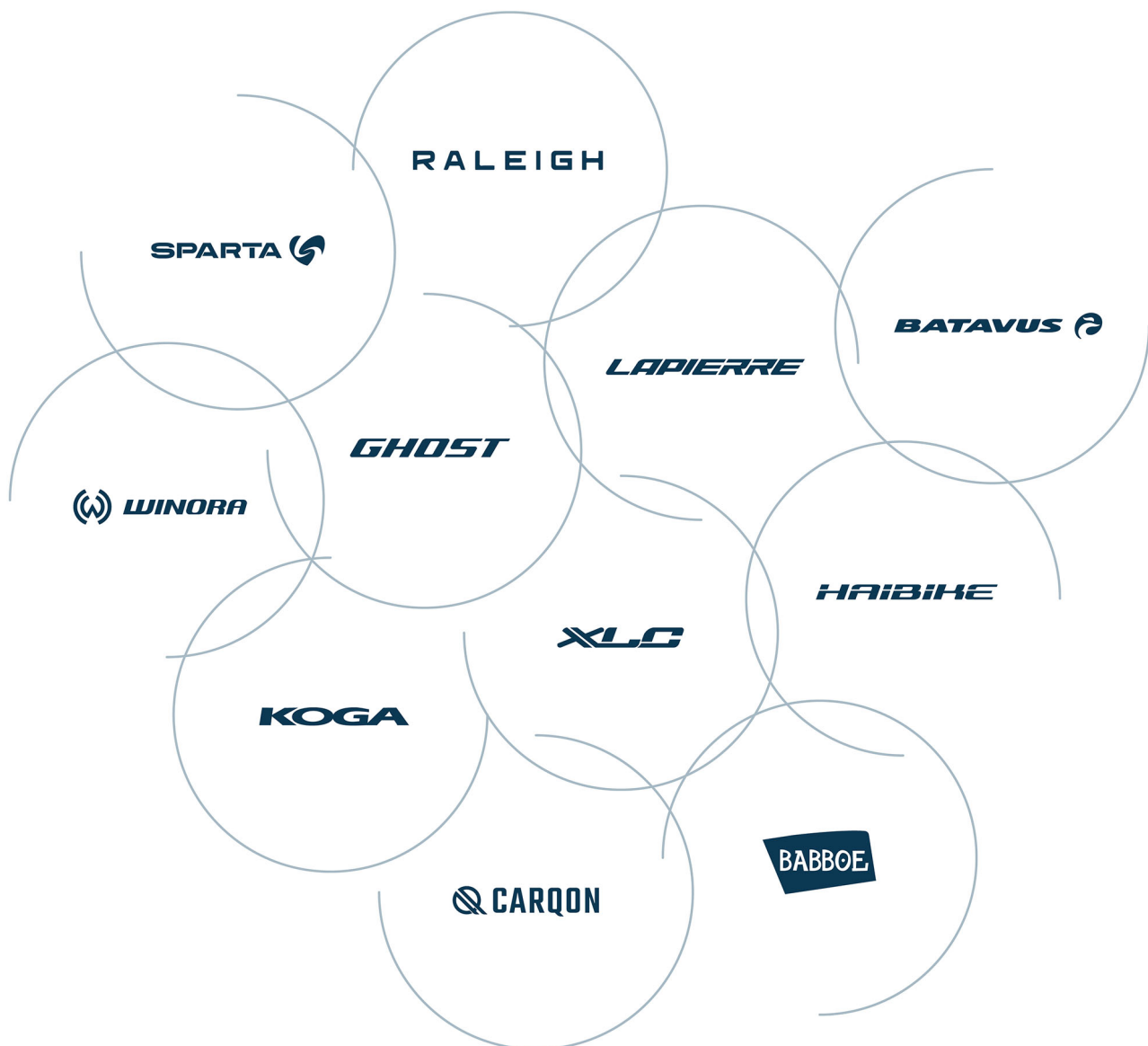
Marco te Brömmelstroet



STRONG BRANDS THAT GIVE MEANING TO OUR PURPOSE

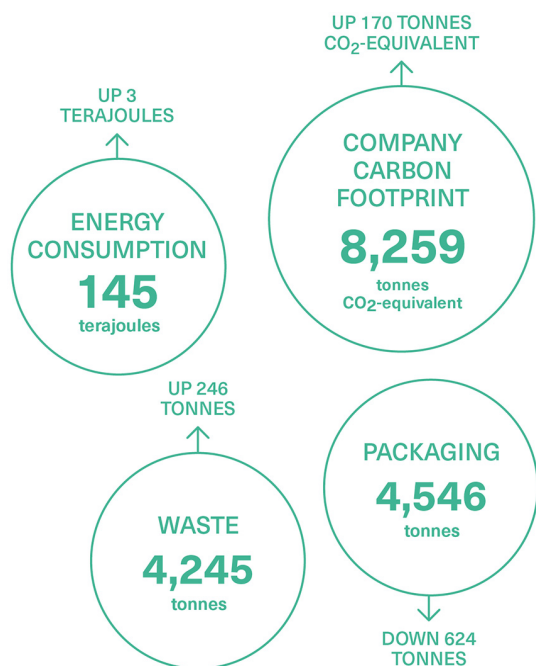
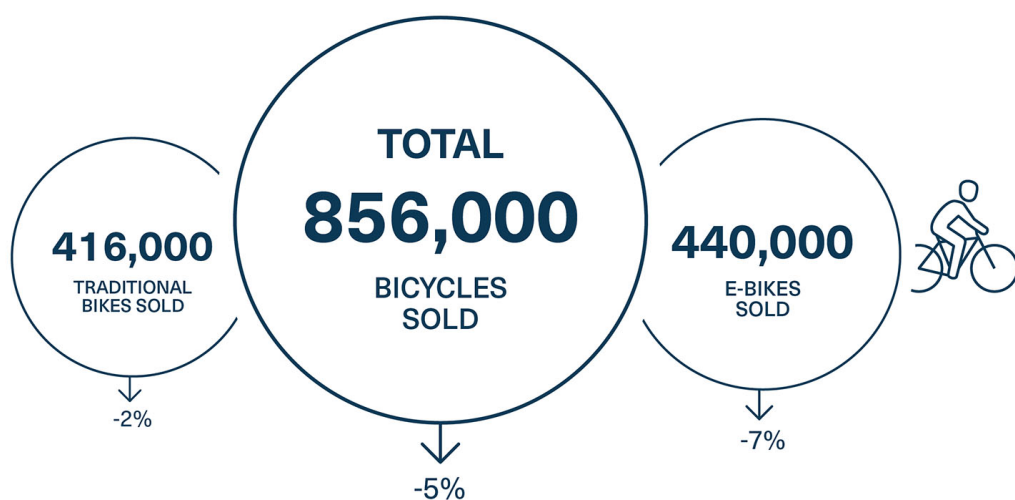
Leading brands built by pioneers, all under one roof. They continue to embody the spirit of family businesses even today.

[Read more
about our brands](#)



A VARIETY OF BIKES, E-BIKES, PARTS & ACCESSORIES FOR A TOTAL CYCLING EXPERIENCE

We are here for all cyclists, young and old: for the professional racer who strives for sporting excellence, for parents who bike their children to school every day and for cyclists who just like to go for a ride occasionally.

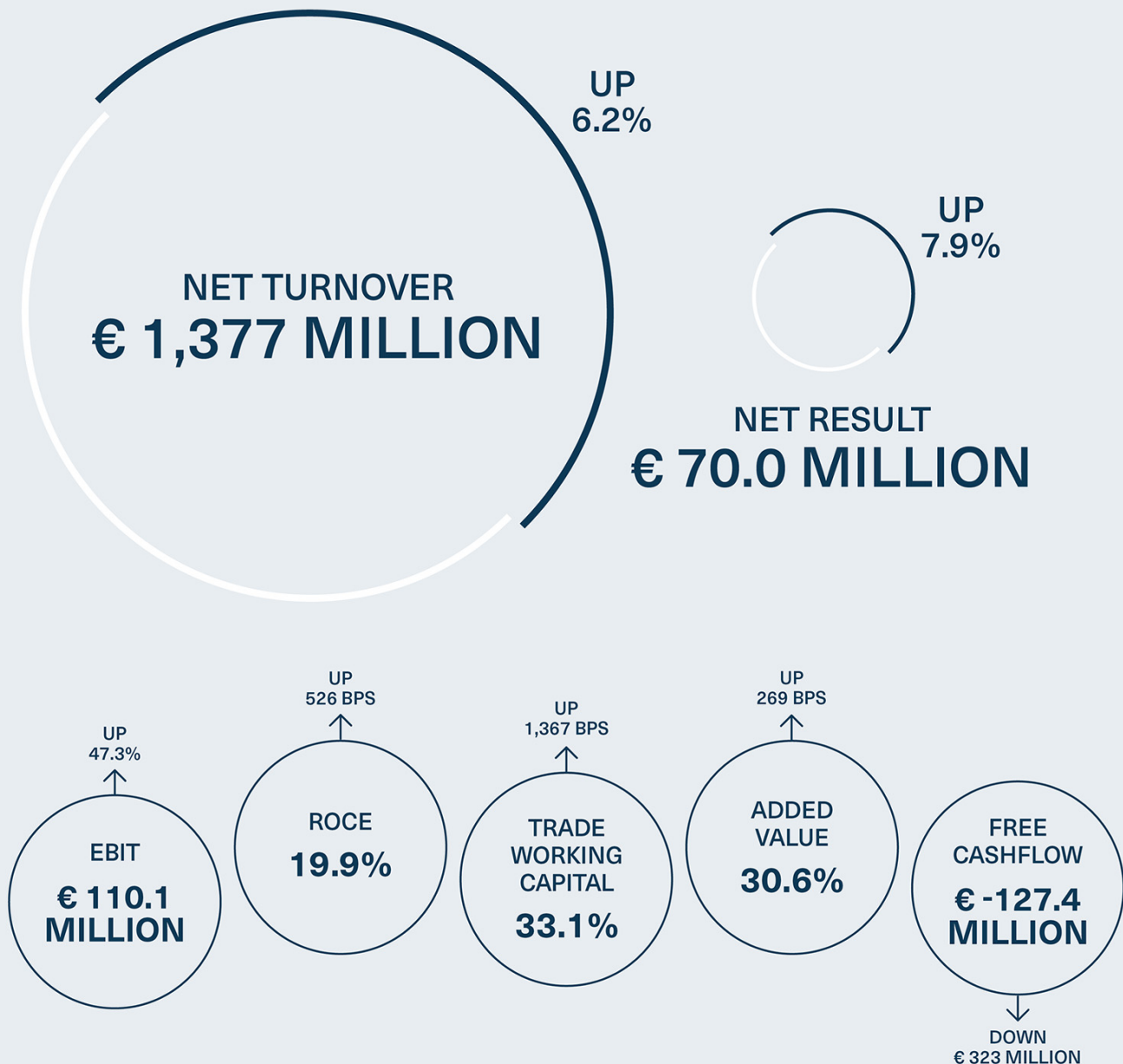


MOVING FORWARD RESPONSIBLY FOR A HEALTHIER ENVIRONMENT

The bicycle is the green alternative to the car, scooter or public transport: it has by far the lowest environmental impact per kilometre. By continuing to invest in a sustainable design and production process, we strive to reduce our ecological footprint annually.

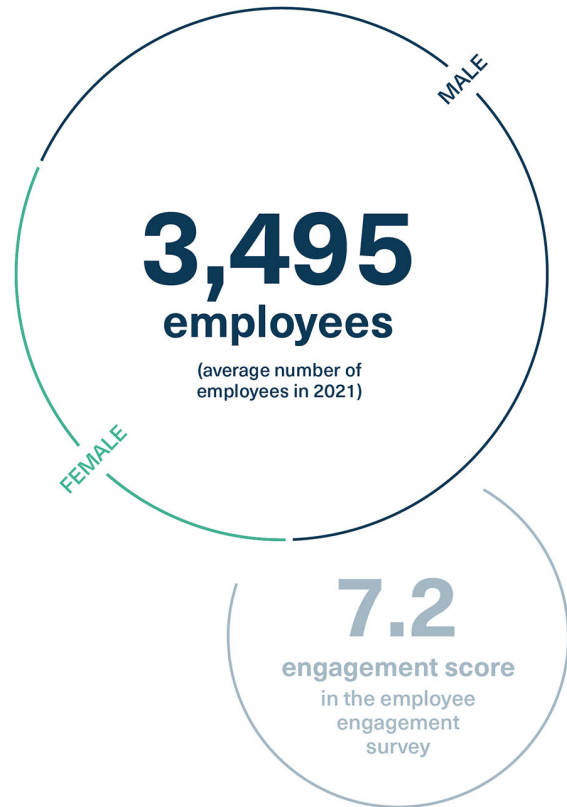
FINANCIALLY AMBITIOUS, WINNING PERFORMANCE

We create value for healthy financial returns with low environmental impact, social responsibility and with good governance at our core. Accell Group has been listed on Euronext in Amsterdam since 1998.



FORWARD TOGETHER, WITH RESPECT AND CARE

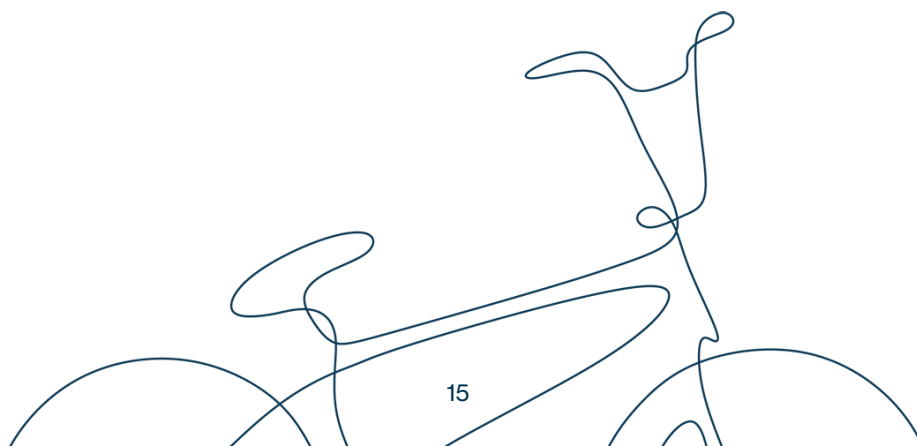
We take good care of our people and we demand the same from the companies we work with. We stand for a work culture based on integrity, where women and men are given equal opportunities.



AWARD-WINNING INNOVATIONS

Making one bicycle part better, more sustainable, affects millions of people. Our ambition is to move the world forward with every innovation we come up with. And as inventors of the e-bike in 2004 and the e-mountain bike in 2010, we like to think we know what we're talking about.

[Read more about our award-winning bicycles](#)



THE MOBILITY REVOLUTION IS HERE TO STAY

We are part of an incredible transformation of cycling that will change all aspects of our lives in an unprecedented way. And 2021 was another step on this exciting journey.

E-BIKES ON THE RISE

One development which has been taking place for some years already and which gained momentum in 2021, is the growing popularity of electric bicycles and e-cargo bikes. The e-bike, which Accell was the pioneer manufacturer of in 2004, makes the world more accessible for a large group of people. We see that people are more easily inclined to switch to an e-bike for their daily commutes and leisure activities. Parents are enthusiastically adopting e-cargo bikes to transport their kids, and businesses in urban areas are using them to replace delivery vans. Bikes are increasingly replacing cars and thereby contributing among other things to a more livable environment and less traffic congestion urban areas. We expect the demand for fast, safe and good-quality e-bikes and e-cargo bikes will increase further over the coming decade.

In recent months, we launched a variety of new e-cargo concepts for our Raleigh, Winora, Batavus, Babboe and Carqon brands in order to further strengthen our position in this fast-growing bike segment.

DISRUPTION IN THE SUPPLY CHAIN

These positive developments in 2021 were also accompanied by lockdowns which disrupted the supply chain in Asia and Europe in particular. Low vaccination coverage and local lockdown measures forced the closure of many factories in Asia during the May to October period. In addition to this disruption, we saw increased global demand which resulted in a continued shortage of components.



Accell, like many other bicycle manufacturers, could therefore not manufacture enough bicycles to meet constant high consumer demand. In addition, this scarcity caused inflation across the entire bicycle industry.

SOLID RESULTS

Net sales increased with 6.2% to € 1,377 million due to higher sales (mainly in volume) of Parts & Accessories and higher bicycle sales resulting from improved pricing. Our underlying Earnings before Interest and Tax (EBIT) improved with 33.7% to € 106.6 million, including one-offs our EBIT increased with 47.3% to € 110.1 million. Accounting for the higher financing costs which includes the depreciation of the Turkish lira, we recorded a net profit of € 70 million. Our Trade Working Capital (TWC) increased to 33.1% per year end. Given the supply disruptions Accell invested additionally in component stock levels to optimize its intended production volumes which is reflected in the higher TWC percentage. The investment in inventory is also the main driver for the negative cash flow of € 127.4 million per year-end.

EMPLOYEES AND A STRENGTHENED SUSTAINABILITY STRATEGY

In 2021 our Accell employees contributed directly to increased production, the improvement of our service, the strengthening of our online sales channels and the winning of new markets and consumers. We also tightened our sustainability strategy for the coming years in 2021 by making clear choices and focussing our attention on the supply chain among other things, and by delivering more sustainable bicycles and cycling products made in a responsible way.

After all, themes such as healthy lifestyle, livable cities and a healthy environment are the foundations of our purpose.

2022: NEW NORMALITY, NEW STRATEGY

With today's knowledge, we see many countries combatting the pandemic with measures other than lockdowns. We seem to be entering a new social 'normality'. We do expect that the effects of the limited availability of components and delivery delays will last throughout 2022.

In 2022 we will recalibrate our strategic plan, taking into account the latest developments at Accell, the market, society and new business opportunities. This new strategy for the period 2023-2026 will be presented to the Supervisory Board in the second half of 2022.

CONSORTIUM LED BY KKR OFFER FOR ACCELL GROUP

In November 2021, Accell Group received an initial unsolicited proposal for all the shares of Accell Group from a consortium led by KKR. The Accell Group Board of Management subsequently followed a thorough process which led to the announcement of a recommended cash offer for Accell Group at an offer price of € 58.00 per share on 24 January 2022. It is expected that we will discuss the offer with our shareholders at the Extraordinary General Meeting of shareholders (EGM) in Q2 2022.

MOVING FORWARD TOGETHER

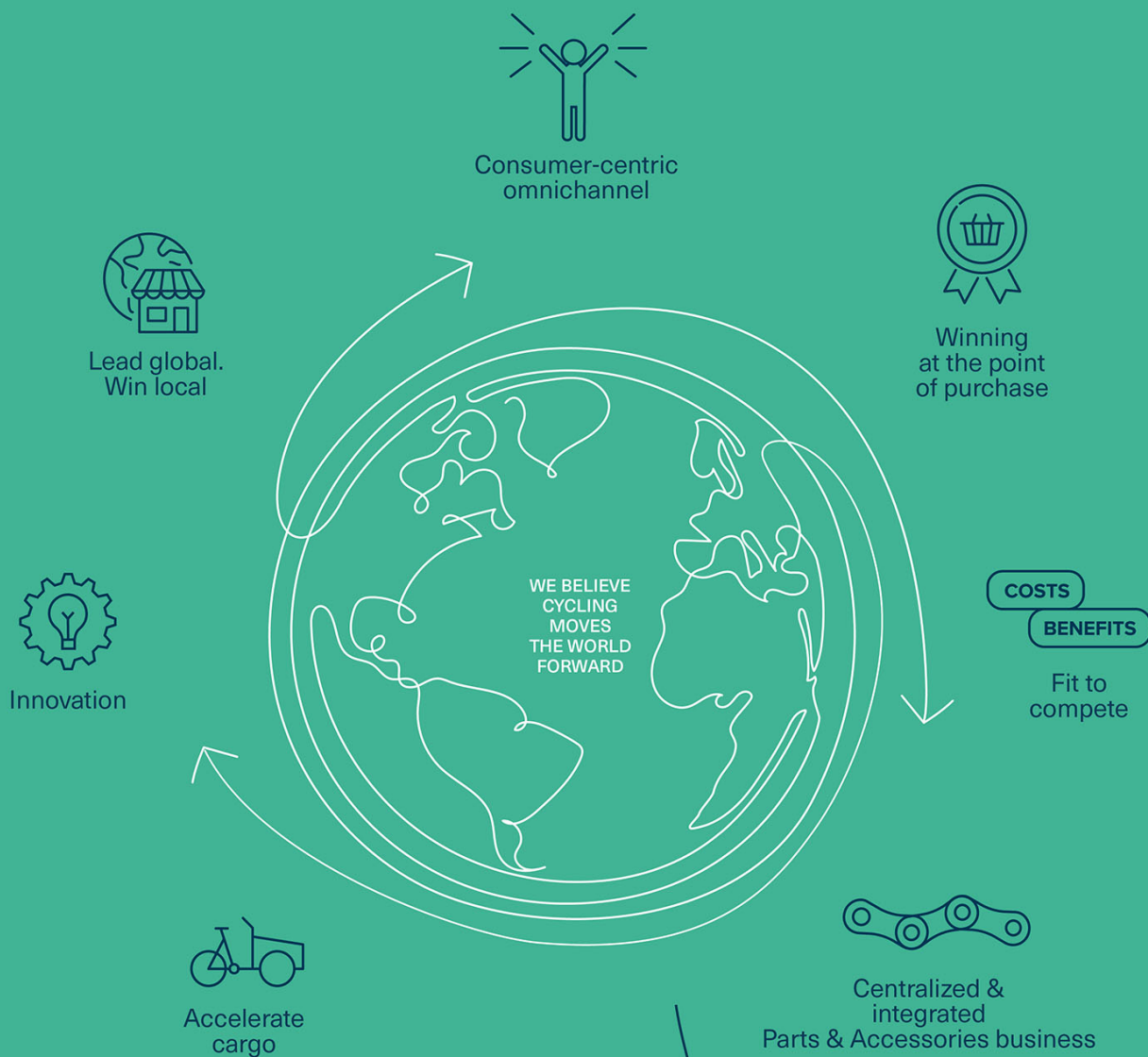
Despite these turbulent times, workers in our factories and warehouses continued production, while others mostly worked from home and kept in touch with colleagues and business relations online. It is thanks to the loyalty and flexibility of our people, dealers and suppliers that we were able to continue delivering bikes and cycling products through 2021. I have a great deal of respect for everyone's dedication and would like to thank you all.

TON ANBEEK

CEO Accell Group N.V.

STRATEGY

Our strategy is built on our purpose and our mission is to become market leader in the mid and higher segment of the bike and parts & accessories markets in every country in which we operate. And we want to do this in a consumer-centric and socially responsible way.





Last year, we continued to execute our strategy and the transition of Accell Group into a more centralized organization which is a key element in our strategy. We made progress in all the pillars of our strategy.

WITH OUR STRATEGY WE AIM TO REACH THE FOLLOWING TARGETS:

FINANCIAL TARGETS FOR 2022

- Turnover: € 1.4 - € 1.5 billion
- Added value / Turnover: > 31%
- EBIT / Turnover: 8.0%
- Trade working capital / Turnover: < 25%
- Return on capital employed: > 15%

OUR SEVEN GOALS OF OUR SUSTAINABLE STRATEGY FOR 2025:

- 60% of the energy consumption at all Accell-owned premises will come from renewable sources (100% by 2035).
- Accell end-to-end carbon footprint will be reduced by 30% (base-year 2018 relative to turnover).
- Accell outbound brand & transport packaging will be single-use (fossil based) plastics free.
- Single-use (fossil based) plastics will be banned in the internal organization.
- The use of single-use (fossil based) plastics in inbound transport of parts packaging from suppliers to our production hubs will be reduced by > 50%.
- Our 2021 cradle-to-cradle target is to create a clear roadmap for 2035, including intermediate targets for 2025 and 2030.
- As part of our Diversity & Inclusion policy, at least 30% of the Accell Leadership Forum will be women.

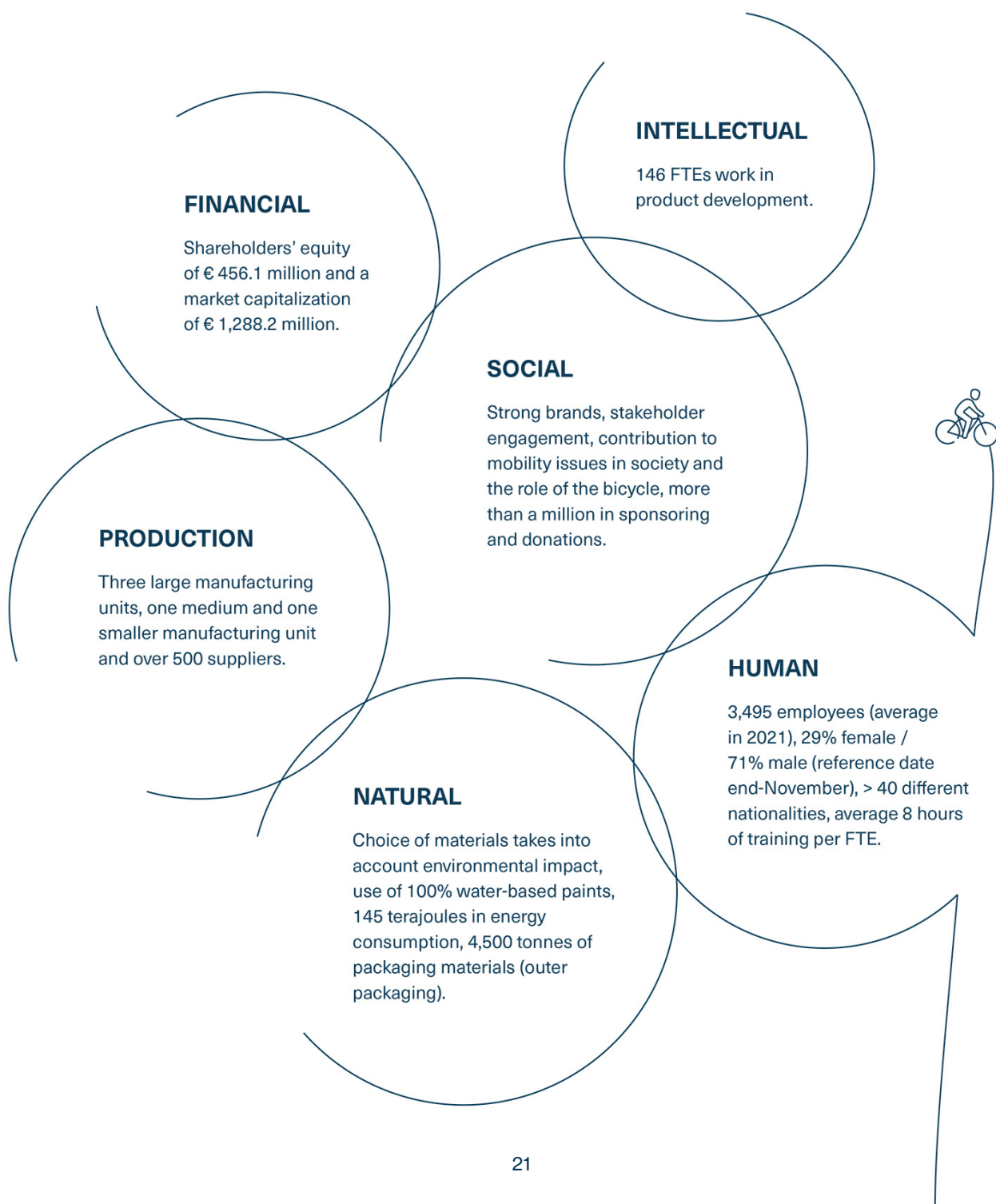




VALUE CREATION MODEL

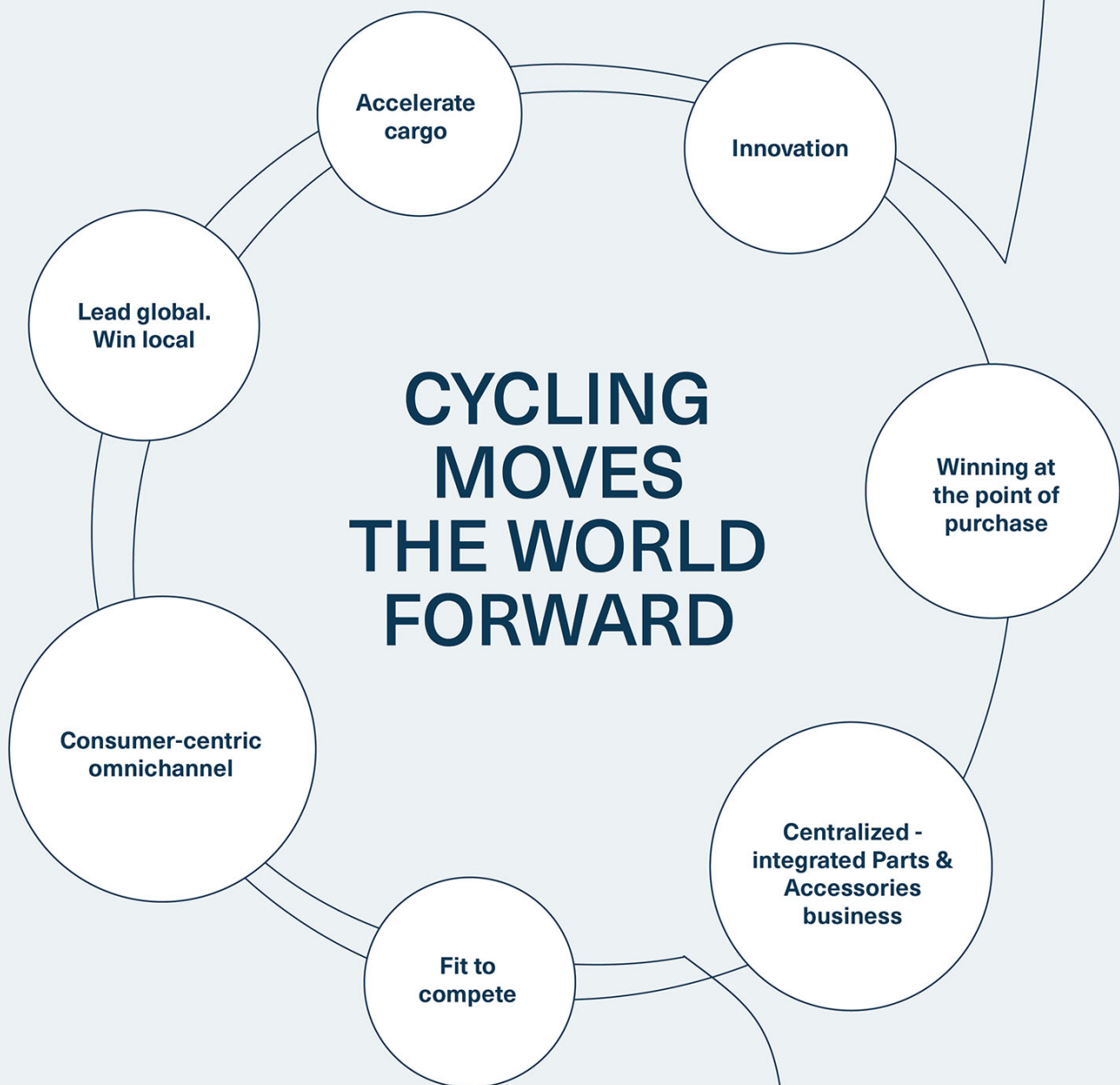
INPUT

With a variety of means...





...we contribute with drive and purpose...



**GOOD
GOVERNANCE**

**AGILE
ORGANIZATION**

**RISK
MANAGEMENT**

**DIVERSITY &
INCLUSION**

OUTPUT

... and make a difference for now...

FINANCIAL

Turnover growth 6.2%,
operational margin 8.0%,
earnings per share
€ 2.61.

SOCIAL

Promotion of social
and healthy image of
bicycles and bicycle
use, increasing
bicycle use.

INTELLECTUAL

46 active patents and
model protections,
20 (design) awards.

PRODUCTION

856,000 bicycles sold,
with 89% assembled
in our own production
facilities.

HUMAN

7.2 engagement score,
safety awareness
employees, providing local
employment, loyal pool of
flexworkers in production.

NATURAL

Focus on reducing
plastics, 4,200 tonnes
of waste, 8,300 tonnes
of CO₂-equivalent
emissions produced
(company footprint).

IMPACT

... and for the future, for all stakeholders.

OUR PEOPLE

- Encourage to live healthier lives.
- Support personal growth and development, provide income and well-being.

CONSUMERS

- Stimulating bicycle use to improve physical and mental health and well-being.
- Support leisure and fitness.
- Promote sustainable commuting.
- Make a safe and sustainable product with the highest safety standards.

SOCIETY

- Stimulate cycling:
 - The replacement of more climate-affecting forms of transport by the use of bicycles.
 - The most energy-efficient way of getting from A to B.
 - The production requires fewer materials than any other vehicle.
- Helps to create livable towns and cities, without traffic jam, noise and air pollution.
- Improving public health.
- Support sustainable and safe travel and cycling infrastructure.
- Reduce waste, packaging and energy consumption.
- Striving for a responsible supply chain.

SUPPLIERS

- Encourage to live up to international social and environmental standards through our social audits.
- Contribute to economic stability and growth and decent workplaces.
- Support innovation.

THE BUSINESS

- Leadership in the industry.
- Support organizations in their lobbying for a level-playing field.
- Membership of several initiatives and partnerships we support fair trade, safe cycling and sustainability in the industry.



Sustainable Development Goals

Accell's ambitions and strategy are largely driven by the United Nations' Sustainable Development Goals (SDGs). We can make a particularly marked difference in the realization of 'Good health and well-being' (SDG 3) and 'Sustainable cities and communities' (SDG 11). These themes are inherent in our DNA and an important driver in our design, production, marketing, innovation and strategic choices.

In 2020, we added 'Climate action' (SDG 13). We aim to reduce our CO₂ footprint and that includes our entire value chain. As a bicycle manufacturer, we also contribute to 'Decent work and economic growth' (SDG 8).

And not just for our employees, because we also feel responsible for the well-being of all employees in the supply chain, at our suppliers and our dealers. On top of this, we see 'Responsible consumption and production' (SDG 12) as a no brainer and a decisive factor in everything we do. This includes reducing our ecological footprint and promoting the safe and responsible use of our products.

Finally, Accell sees a role for itself in promoting 'Partnerships for the Goals' (SDG 17). As one of the key players in the bicycle industry, we take the lead in partnerships with governments, partners and peers whenever we feel this is necessary.

THE BOARD OF MANAGEMENT



TON ANBEEK **CEO**

Ton Anbeek (1962) was appointed Chief Executive Officer of Accell Group on 1 November 2017. Prior to joining Accell, Ton was Chief Executive Officer of Beter Bed Holding from January 2010 to October 2017 and Managing Director of Royal Auping from early 2007 to 2010. Ton started his career in 1987 at Unilever, where he held various marketing and sales positions in the Netherlands. From 2001 until 2007 Ton was Global Marketing Director (fabric conditioners) in London and Managing Director of Unilever Maghreb in Casablanca.

Ton studied Business Administration at Erasmus University Rotterdam and Organizational Psychology at Utrecht University.



FRANCESCA GAMBONI **CSCO**

Francesca Gamboni (1966) joined Accell Group as Chief Supply Chain Officer on 1 February 2022. Prior to joining Accell, Francesca was Senior Vice President global supply chain at Stellantis, based in Paris. Before joining Stellantis, Francesca held the position of Nordic Operations Director with L'Oréal. From 2009 to 2013, Francesca served as Vice President supply chain at Renault-Nissan, covering after-sales logistics, operations and inbound supply.

Francesca holds a Master of Science degree in Industrial Technology Engineering from the Polytechnic University of Milan.



RUBEN BALDEW **CFO**

Ruben Baldew (1977) joined Accell Group as Chief Financial Officer on 1 November 2018. Prior to joining Accell, Ruben was Financial Director of Unilever Thailand and in 2014 he held the same position at Unilever Benelux. Ruben started his career in 2001 at Unilever, where he held various financial positions, including Financial Director for European laundry detergents and the care products supply chain.

Ruben studied Tax Law at Leiden University and completed a post-doctoral Chartered Controller programme at Maastricht University.



From left to right: Ruben Baldew, Francesca Gamboni and Ton Anbeek

Photo: Hermien Lam

PERFORMANCE 2021

FINANCIAL PERFORMANCE

"In 2021 global supply chain disruptions and component shortages dominated the year. Despite this we have seen continued growth driven by our parts and accessories business, and our ability to include inflationary effects of supply side costs in our product pricing. To cope with supply chain disruptions our teams have taken various mitigating actions, mainly related to alternative components and sourcing. For numerous of our bikes the bill of materials was changed in order to mitigate the disruptions. Also we have invested in increased inventory to cope with the uncertainties. This came at the expense of our free cash flow.

As part of our strategy execution we have increased investments in our brands in 2021. We are proud that our approach to bike design and innovation has again been recognized with various awards for amongst others our Lapierre Overvolt, Koga Pace and Haibike Adventr. Thanks to our focus on product availability we have also been able to gain market share in our Western Europe and Central European markets during the second half of 2021.

Demand across our regions and product categories remained strong. This clearly demonstrates that cycling continues to move the world forward. At the same time, we cannot close our eyes for the significant uncertainties we face in the world today and how these can impact our business and performance. Of these uncertainties, the global supply chain disruptions and component shortages currently form the most tangible challenge for us as we expect these to continue throughout 2022. That said, we remain confident that with the measures we have put in place and will continue to take, we are on track to meet the majority of our 2022 targets."

Ton Anbeek, CEO Accell Group

HIGHLIGHTS

- Net sales of € 1,377 million, up 6.2% despite ongoing component shortages; growth was driven by higher sales of parts & accessories (mainly volume driven) and higher bicycle sales thanks to improved pricing and mix offsetting declining volumes.
- EBIT of € 110.1 million up 47.3%; underlying EBIT increased by 33.7% to € 106.6 million, reflecting a margin of 7.7%, up 159 basis points due to higher contribution from parts & accessories and recovery of added value margin.
- Net profit stood at € 70.0 million based on the increase in EBIT, partly offset by higher finance costs.
- Trade working capital at 33.1% of net sales versus 19.4% in 2020 reflecting higher component inventories due to supply chain inefficiencies and additional upfront inventory investments to protect and drive future growth.
- Negative free cash flow of € 127.4 million primarily reflecting the increase in component inventories, leading to an increase of net debt to € 216.9 million¹.

¹⁾ Excluding IFRS 16 net debt stood at € 186.7 million per year-end 2021

GROUP PERFORMANCE

In millions of euro, unless stated otherwise

	2021	2020
Net turnover	1,377.1	1,296.5
Other income	1.1	0.1
Net sales growth% vs py	6.2%	16.7%
Added value	421.3	361.8
Added value%	30.6%	27.9%
Added value bps vs py	269	-284
OPEX	-312.4	-287.1
EBIT	110.1	74.7
EBIT%	8.0%	5.8%
Net finance costs	-23.7	-12.8
Income from equity-accounted investees, net of tax	2.7	1.0
Result from sale of subsidiaries, non-consolidated companies and other investments	2.4	-
Income tax expense	-21.5	1.9
Net profit	70.0	64.8
Basic earnings per share (in €)	2.61	2.42

Financial performance

	2021	2020
EBIT reported	110.1	74.7
One-off ¹⁾	-3.5	5.0
Underlying EBIT	106.6	79.7
TWC% rolling net sales	33.1%	19.4%
TWC in bps vs py	1,367	-1,301

1) One-off 2021 relates to a received licence fee. One-offs 2020 include several opex related items of which restructuring and an impairment

NET SALES came in at € 1,377 million, compared with € 1,297 million in 2020 (+6.2%) and organic growth at 6.8%. Growth was driven by parts & accessories (+14.2%) and pricing to offset inflation. Sales growth for bikes came in at 3.3%, with e-bike and cargo bike categories up 1.7% and 24.6% respectively, while sales of traditional bikes was up by 5.6%. Due to component shortages volumes were down with 4.7% with e-bike down 6.9% and traditional bikes down 2.1%.

NET TURNOVER BASED ON THE LOCATION OF THE CUSTOMER

In millions of euro, unless stated otherwise

	2021	2020	Growth%
Benelux ¹⁾	288.1	245.8	17.2%
Central ²⁾	415.9	411.6	1.1%
Other regions ³⁾	279.8	294.7	-5.0%
Accell Bicycles	983.8	952.0	3.3%
Accell Parts	393.3	344.4	14.2%
Accell Group	1,377.1	1,296.5	6.2%

1) Benelux: Netherlands, Belgium and Luxembourg

2) Central: Germany, Austria, Switzerland and Eastern-Europe regions

3) Other bike regions: France, UK, Ireland, Nordics and other regions

Growth in the Benelux was 17.2% thanks to improved product availability on our top runners mainly at Koga, Batavus and Sparta. Sales in Central increased by 1.1% thanks to the improved product availability in the second half of the year. In rest of Europe sales decreased by 5.0% due to a high 2020 comparison base combined with low availability of sports bicycles in particular.

Sales of parts & accessories increased by 14.2%, mainly due to a strong first half of 2021 with growth across regions as well as categories.

ADDED VALUE increased to € 421.3 million from € 361.8 million, up € 59.6 million. As a percentage of net sales, added value increased 269 bps to 30.6% thanks to:

- Lower discounts versus 2020.
- Higher bicycle production output versus 2020 (when production was temporarily halted due to the pandemic outbreak).
- Positive product mix and higher pricing including passing through of increased costs of materials.

OPEX increased to € 312.4 million from € 287.1 million, up € 25.2 million or 8.8%. As a percentage of net sales, opex increased 53 bps to 22.7%. The absolute increase in opex is mainly driven by:

- Increased factory and logistical costs of approximately € 12 million as a consequence of more labour costs in order to drive factory output whilst dealing with supply chain disruptions.
- Higher marketing and R&D expenses in the bicycle brands of approximately € 10 million. As a % of net sales, marketing expenses are still below pre-COVID levels (1.6% of net sales 2021 vs 2.2% in 2019).

EBIT came in at € 110.1 million up 47.3% compared with 2020, representing an EBIT margin of 8.0% (+223 bps vs prior year). One-offs stood at + € 3.5 million, primarily related to a licence fee gain regarding a patent. Excluding one-offs EBIT came in 33.7% higher to € 106.6 million from € 79.7 million, representing an underlying EBIT-margin of 7.7% (+159 bps versus prior year).

FINANCE COSTS, TAX EXPENSES AND PROFIT

Mainly due to the heavy depreciation of the Turkish lira in the last quarter of 2021 finance costs increased with € 10.9 million. Income taxes came in at an € 21.5 million expense, positively impacted by the recognition of a deferred tax asset of € 3.6 million related to higher future potential to use losses in the United Kingdom. Net profit stood at € 70.0 million.

TRADE WORKING CAPITAL

In millions of euro, unless stated otherwise

	Trade working capital		Average trade working capital	
	2021	2020	2021	2020
Inventory	40.4%	22.0%	32.3%	26.6%
Trade receivables	8.7%	8.0%	10.9%	13.3%
Trade liabilities	16.1%	10.6%	15.0%	13.3%
Total	33.1%	19.4%	28.2%	26.6%

Due to the continued component supply disruptions trade working capital as percentage of net sales came in at 33.1% per year-end 2021. Average trade working capital stood at 28.2% versus 26.6% in 2020. Inventories as a percentage of net sales were up 1842 bps per year-end 2021 (on average 565 bps). The increase in inventory is driven by higher component stock versus a low 2020 comparison base. Receivables were up 71 bps (on average +/- 233 bps) while creditors were up 546 bps per year-end 2021 (on average 173 bps) due to the higher inventories.

FINANCIAL EFFECTIVENESS AND CAPITAL EFFICIENCY

in millions of euro, unless stated otherwise

	Reported	IFRS 16	One-off	Adjusted
	2021	2021	2021	2021
ROCE (Rolling EBIT / Average capital employed) ¹⁾	19.9%	1.2%	-0.7%	20.4%
Net debt (in millions of euro)	216.9	-30.2	-	186.7
Net debt / Rolling EBITDA	1.7	-0.3	0.0	1.4

1) Reported capital employed is the sum of goodwill and other intangible assets, property, plant and equipment, right-of-use assets, inventories, trade and other receivables and trade payables and other current liabilities.

	Reported	IFRS 16	One-off	Adjusted
	2020	2020	2020	2020
ROCE (Rolling EBIT / Average capital employed)	14.6%	0.8%	1.0%	16.4%
Net debt (in millions of euro)	79.2	-29.0	-	50.2
Net debt / Rolling EBITDA	0.8	-0.2	-0.0	0.6

Free cash flow came in at -/- € 127.4 million, mainly due to the increase in trade working capital (-/- € 203.9 million). EBITDA improved by 31.5% to € 131.0 million and as such contributed positively to free cash flow. The other movements mainly relate to taxes, net finance costs and investing activities (-/- € 54.5 million).

The negative free cash flow led to a net debt of € 186.7 million per year-end 2021 versus € 50.2 million per year-end 2020. Combined with a higher underlying EBITDA, net debt/rolling EBITDA adjusted for IFRS 16 and one-offs came in at 1.4 (1.7 reported). Thanks to the increased profit, ROCE reported improved to 19.9%, and to 20.4% when adjusted for one-offs and IFRS 16 effects.

Accell Group complied with the financial covenants in the group financing agreement as of 31 December 2021 and as of all earlier test dates. As earlier announced, Accell Group repaid its remaining € 69 million GO-C facility and as result has gone back to the pre-COVID covenants as of 31 December 2021. As such, also the restrictions on dividend payments have been lifted. Consistent with the change in seasonal patterns, Accell Group also earlier announced to have reached agreement with its bank consortium to change its existing RCF arrangement from seasonal to full year availability for the term remaining.

EARNINGS PER SHARE AND DIVIDEND

	2021	2020
Net profit reported	70.0	64.8
Basic earnings per share (in €)	2.61	2.42
Underlying basic earnings per share (in €)	2.38	1.91

With net profit at € 70.0 million, earnings per share based on the weighted average number of outstanding shares of 26,829,592 amounted to € 2.61. Adjusted for one-offs (-/- € 2.6 million, net of tax) and the recognition of a deferred tax asset (-/- € 3.6 million), earnings per share amounted to € 2.38. The 2020 earnings per share stood at € 2.42 and at € 1.91 when adjusted for one-offs.

On 24 January 2022, Accell Group and Sprint BidCo B.V. (the "Offeror", an entity controlled by investment funds of KKR) jointly announced that they had reached conditional agreement on a recommended all-cash public offer by the Offeror for all issued and outstanding shares in Accell Group N.V. at an offer price of € 58.00 (cum dividend) in cash per share. Cum dividend means that dividends with a record date prior to the settlement of the public offer will be deducted from the offer price of € 58.00 per share. For this reason, Accell Group will not propose a dividend payment in respect of the 2021 financial year to the General Meeting.



THE SHARE

Accell Group shares have been listed on the official market of Euronext Amsterdam since 1998 and are included in the Amsterdam Small Cap Index (AScX). The listing contributes to disciplined and transparent operations. It also gives us improved access to external capital for growth financing and consequently contributes to the realization of our ambitions.

STOCK EXCHANGE LISTING

Each ordinary share entitles the holder to one vote. To protect the continuity of (the strategy of) Accell Group and its stakeholders, the preference share foundation, Stichting Preferente Aandelen Accell Group, has the option to acquire the number of cumulative preference shares B required to make the foundation, once it has acquired said shares, the holder of one half, less one share, of the (increased) issued and paid-up capital. [See Corporate Governance](#) for more detailed information.

STOCK EXCHANGE

Euronext Amsterdam

SYMBOL

Accel

ISIN

NL0009767532

NOMINAL VALUE

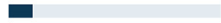
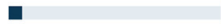
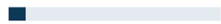
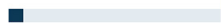
€ 0.01 per share

SHARE PRICE MOVEMENTS AND TRADEABILITY

	2021	2020	2019	2018	2017
Highest price (€)	48.25	29.30	26.20	24.25	32.20
Lowest price (€)	25.85	12.00	18.44	15.02	20.41
Closing price (€)	48.00	25.85	25.80	18.84	23.43
Number of issued shares at year-end (mln)	26.8	26.8	26.8	26.6	26.3
Market capitalization (€ mln)	1,288.2	692.9	691.5	501.1	615.2
Average number of shares traded per day	63,930	67,141	28,704	72,183	46,616
Average share turnover per day (€)	2,457,152	1,475,085	648,293	1,344,495	1,268,140

In 2021, the share price increased by 85.7%. In the period year-end 2017 through year-end 2021, the overall increase in the share price was 104.9%. Market capitalization increased by 85.9% to € 1,288 million at year-end 2021. Share turnover increased by 66.6% in 2021 and increased by 93.8% compared with 2017.

SHAREHOLDER BASE OVERVIEW*

	Share capital	Voting rights	Date of last notification
Teslin Participaties Coöperatief U.A.	10.37% 	10.37%	August 19, 2021
Moneta Asset Management	5.20% 	5.20%	March 10, 2021
B.V. Beleggingsfonds "Hoogh Blarick"	6.74% 	6.74%	July 6, 2017
ASR Nederland NV	5.75% 	5.75%	October 6, 2008

* Per reference date 31 December 2021

The above percentages are based on notification of substantial holdings in Accell Group to the Dutch Authority for the Financial Markets (AFM) pursuant to the Financial Supervision Act (Wft). As soon as an interest rises to 3% or more of the issued share capital or voting rights, the holder must report same. Shareholders are subsequently obliged to file a new notification as soon as their interest reaches, exceeds or drops below one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. This may be the case if a shareholder obtains or loses control of shares or voting rights, or as a result of an increase or decrease in the Company's issued capital.

DIVIDEND

The existing reservation and dividend policy reads: "Accell aims for a stable dividend policy aimed at making at least 40% of the net operating profit available to shareholders."

On 24 January 2022, Accell Group and Sprint BidCo B.V. (the "Offeror", an entity controlled by investment funds of KKR) jointly announced that they had reached conditional agreement on a recommended all-cash public offer by the Offeror for all issued and outstanding shares in Accell Group N.V. at an offer price of € 58.00 (cum dividend) in cash per share. Cum dividend means that dividends with a record date prior to the settlement of the public offer will be deducted from the offer price of EUR 58.00 per share. For this reason, Accell Group will not propose a dividend payment in respect of the 2021 financial year to the General Meeting.

	2021	2020	2019	2018	2017
Net earnings (€)	2.61	2.42	0.10	0.76	0.39
Dividend (€)	-	-	-	0.50	0.50
Pay-out percentage (%)	0.0	0.0	0.0	65.8	126.7
Dividend return (%)	-	-	-	2.65	2.13

INVESTOR RELATIONS

Accell strives to provide its shareholders, potential shareholders, analysts and other financial stakeholders with all relevant strategic, financial and other material information, accurately, meticulously and in a timely fashion, to improve insight into the Company, current developments and the market in which it operates.

Accell's financial year is the same as the calendar year and runs from January through December. Accell Group publishes its full financial results annually and semi-annually. From 2017 onwards, Accell Group only publishes interim trading updates on the Company's financial and operational developments when there is reason to do so. Such publications, as well as other (non-financial) announcements, appointments and reports, will always be made in accordance with the prevailing regulations and the guidelines of Euronext Amsterdam and the AFM.

Accell organizes meetings and conference calls with (institutional) investors, analysts and gives interviews to the media for the presentation and explanation of the annual and interim results.

In 2021, due to the restrictions posed by the pandemic, the Company did not organize or participate in physical roadshows to meet with investors. Instead, management participated in multiple (16) virtual roadshows and investor conferences, in which they engaged with investors from across all regions. Next to that a considerable number of meetings with (potential) investors took place by means of video conferencing.

You can find more information on the policy regarding bilateral contacts with shareholders on Accell Group's [corporate website](#).

FINANCIAL CALENDAR 2022

8 March 2022

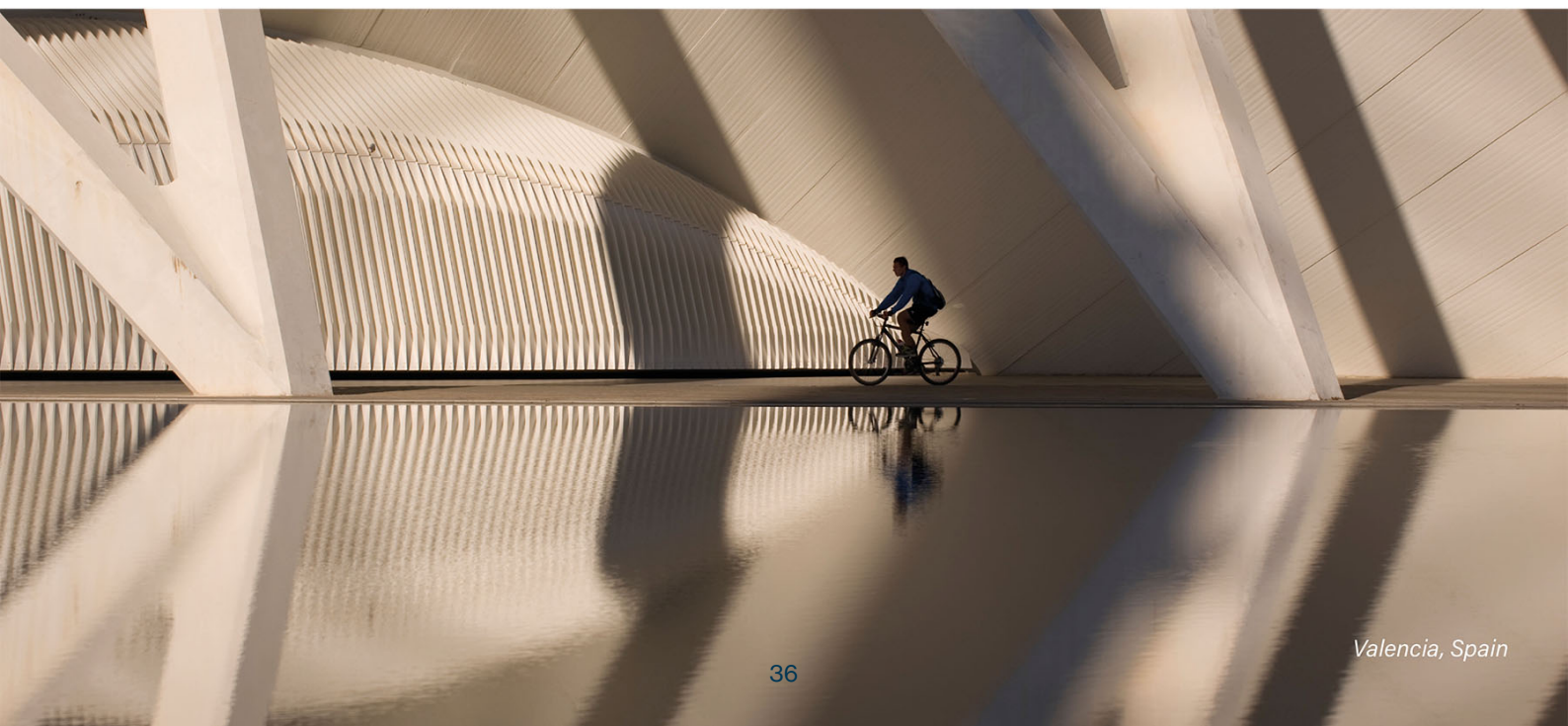
20 April 2022

22 July 2022

PUBLICATION ANNUAL REPORT

GENERAL MEETING OF SHAREHOLDERS

PUBLICATION HALF-YEAR RESULTS



KEY MARKET TRENDS

The pandemic has caused a spike in bicycle sales and has acted as a political catalyst for cycling investments. Europeans are expected to buy 30 million bikes a year by 2030, according to a forecast by three expert organizations CIE, CONEBI and ECF*. The e-bike and e-cargo bike are predicted to be the biggest driver of the market surge. Cycling will move the world forward and grow further thanks to several positive trends.

SHIFT IN PERCEPTION

The pandemic has sparked a strong shift in consumer perception. Boosted by ongoing positive news about cycling worldwide, people are thinking more locally, and the bike is part of that picture. It is well-known that the bike is a zero-emission vehicle that demands little space to operate, while enhancing health benefits for individuals by engaging them in physical activity. Cycling is increasingly perceived as a positive, fun experience and an enjoyable and interactive way to commute. In short: freedom, positivity and good health.

In addition, the perception of cycling in cities, and among local and national governments has changed significantly all over the world. This has encouraged new funding policies which increase cycling.

MORE AND BETTER INFRASTRUCTURE

More and more countries and cities are investing in cycling infrastructure than ever before, fuelled by the pandemic. The roll-out of "pop-up" bike lanes during the pandemic shows the pull effect of new cycling infrastructure. Investments have been made in safe infrastructure, wider pavements, special street lighting for cyclists and dedicated cycle routes. With traffic safety at the top of the list of priorities, a bike-friendly infrastructure is indispensable.

* Cycling Industries Europe (CIE), Confederation of the European Bicycle Industry (CONEBI), European Cyclists' Federation (ECF)



WIDER ACCESSIBILITY

The cycling industry is investing to make electric bikes more accessible to riders of all levels. E-bikes are inclusive, safe, easy-to-use and designed to make people's lives better. Their use is also stimulated by an increase in bike sharing and leasing schemes. Accessibility is further stimulated by innovative multi-modal projects linking cycling and public transport systems, for example.

TECHNOLOGY

Thanks to cyclist-specific smart mobility platforms based on aggregated user data, cyclists can get real-time information about road conditions, building sites, unexpected incidents and journey time estimations. Accelerometers, gyroscopes and action cameras can be used to detect crashes and send out alerts, helping to make cycling safer and make cycling possible for all. Also, digital innovation will have a longer-term effect enabling better infrastructures for cyclists as urban planners benefit from data and analytics to develop bicycle-friendly cities.

Eindhoven, the Netherlands



ON THE WAY TO MORE SUSTAINABLE CITIES

By 2050, nearly 70% of the world's population will live in cities. These cities will face numerous challenges in meeting the growing needs for housing, transportation, infrastructure and employment. Successfully building sustainable cities has become a major challenge. The use of (electric) bicycles, and (electric) cargo bikes in particular, on a large scale can make an important contribution to healthier and more sustainable cities. Cities where it is pleasant to live and work.

EUROPEAN COMMISSION STIMULATES BICYCLE USE

On 14 December 2021, the European Commission launched the new European Urban Mobility Framework. This is a framework for cleaner, greener and smarter mobility. It specifies in detail how 424 large and medium sized cities can increase zero-emission public transport, and roll out more and better infrastructure for cycling and walking.

It is a call for cities to properly address cycling in urban mobility policies at all levels of governance. It emphasizes funding transport planning, raising awareness, the allocation of space, implementing safety regulations, and providing adequate infrastructure. The framework further stipulates the need to accelerate the deployment of cargo bikes and e-cargo bikes for urban logistics and last mile deliveries. This acknowledges that e-bikes and e-cargo bikes are part of the fastest growing e-mobility segment in Europe, contributing not only to an increase in the number and length of cycling trips, but to the strong industrial leadership of the European cycling industry.

The European Recovery Fund ("Next Generation EU"), set up to support member states' economies during and after the pandemic, states that 25% of the funding must be spent on 'green' initiatives. This has led to a large number of new cycling infrastructure projects, particularly in European cities, with investments of € 1.7 billion.

In late 2021, European Union finance ministers reached an agreement to allow cuts in Value Added Tax on goods and services, including e-bikes. This agreement is linked to fighting climate change and protecting health and it will therefore increase cycling.



MANAGEMENT AGENDA AND OUTLOOK

The strong secular trends as electrification, bicycle infrastructure investments, government fiscal incentives and subsidies continue to be strong and cycling has the potential to provide solutions for numerous societal, climate and urban problems. This is anticipated to continue to drive demand for bicycles in the years to come. However, global supply chain disruptions and component shortages are certainly not over and are expected to continue to be a constraining and disturbing factor throughout 2022. In the first months of 2022 we see production output still above the first half of 2021 run rate but below the higher second half of 2021 run rate demonstrating the ongoing volatility in the component supply chain. In addition, we see inflation rising also in context of the current global and geopolitical uncertainties.

Against this background, Accell Group remains well on track to deliver the majority of its 2022 targets with the following remarks per target metric:

NET SALES TARGET OF € 1.4 BILLION - € 1.5 BILLION

On track with continued strong demand for our brands in an environment with various uncertainties including a potential deterioration of component supply chain conditions and subsequent pressure on 2022 production output.

ADDED VALUE TARGET > 31%

On track against the backdrop of:

- (i) continued production inefficiencies due to a low delivery reliability of components,
- (ii) inflationary effects of suppliers' costs where we will need to continue to pass these on to customers and consumers,
- (iii) continued rollout of improvement programs for supply chain efficiencies, product mix and complexity reductions.

EBIT-MARGIN TARGET OF 8%

On track while anticipating the need for further stepping up investments in marketing and R&D in 2022.

TWC TARGET BELOW 25%

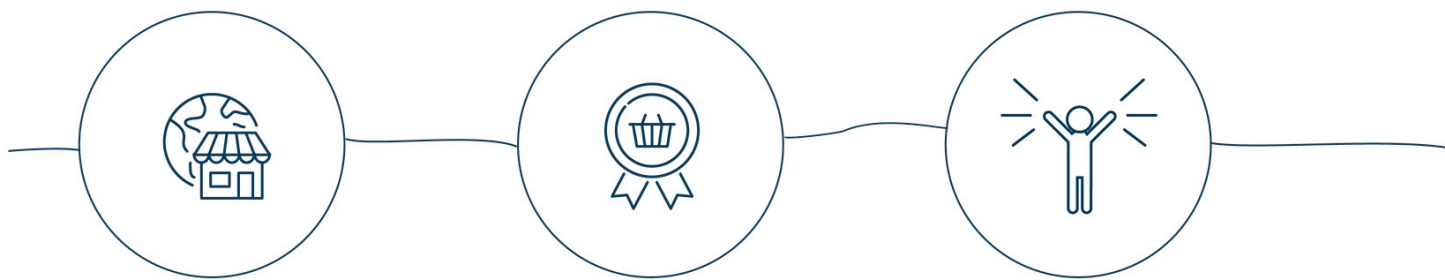
At risk due to ongoing volatility in the component supply chain and the need to invest to protect future availability and growth. TWC is therefore expected to stay at high levels with a further increase in the first part of 2022 (versus year-end 2021) and to reduce once critical components arrive.

ROCE > 15%

On track.



PROGRESS 'LEAD GLOBAL. WIN LOCAL'



LEAD GLOBAL. WIN LOCAL

- Group coordinates brand development and e-commerce. IT, supply chain and Innovation & Technology (I&T) report directly to the Group.
- Regions lead brand development, marketing, sales, e-commerce and give input to brand innovation teams. Regions are responsible for perfect execution of annual plans.
- The innovation process is governed by the central innovation board.

In 2021 we made further progress on the simplification of our organization. We closed smaller entities in France and Germany and divested the fitness and motorcycle equipment business in Sweden. Our bike business is organized through four key regions and a dedicated cargo bike business. The four key regions are Central Europe including Northern and Eastern Europe, Western Europe including the Benelux & Denmark, Southern Europe and the UK & Ireland.

In addition to this bicycle segment we have a centrally led Parts & Accessories business.

WINNING AT THE POINT OF PURCHASE

- Focus on a winning portfolio of brands per region.
- Focus on (omnichannel) e-bike opportunities.
- Focus on launching of major global and local innovations.
- Develop global/local consumer insights and exploit local business opportunities (e.g. leasing).
- Improve availability through an excellent sales and operations planning (S&OP).
- Improve our service offer.

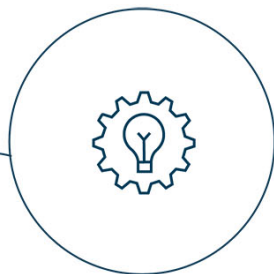
The pandemic led to disruption in the supply chain in 2021 and we expect this to continue into 2022. We increased our working capital (within bandwidths) in order to better serve our customers.

CONSUMER-CENTRIC OMNICHANNEL BUSINESS MODEL

- Develop and implement digital platform for all Accell bike brands.
- Develop experience centres with dealers.
- Grow the omnichannel e-bike opportunity.
- Develop new business models.

In 2021 we made progress on the roll-out of our Service and Sales CRM (Salesforce) system across the organization. We continue to roll-out our Accentry dealer tool across Europe and we expect to have it available in all our regions by the end of 2022. The majority of our single brand platform/websites across all regions and brands have been rolled out. The Raleigh [website](#) in the UK, which we relaunched in 2020, continues to see strong (direct to consumer) growth.



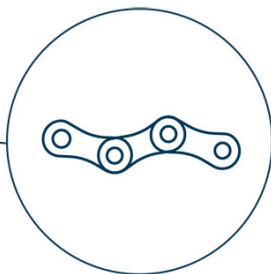


INNOVATION

- Focus on e-bike innovation.
- Focus on smart technology (IoT) and urban mobility solutions.
- Three global innovation centres for Sports, Lifestyle and Cargo.
- Focus on maximizing material reusage through recycle and end-of-life solutions.

We are constantly striving to improve our innovation process. We successfully introduced the refined innovation 'heartbeat' calendar which helps us to continue to improve the on time in full delivery of our innovations.

We continue to win awards for our innovative models. We won design and innovation awards for both Lapierre and Haibike, as well as a German innovation award for Winora, a Red Dot Design Award for Koga and 'Bike of the Year' in the Netherlands for Batavus.



CENTRALIZED & INTEGRATED PARTS AND ACCESSORIES BUSINESS

- Lead and organize centrally to win locally.
- Where possible utilize synergies and cooperate intensively with the bicycle business.
- Grow the XLC brand (Original Equipment Manufacturer and aftermarket).

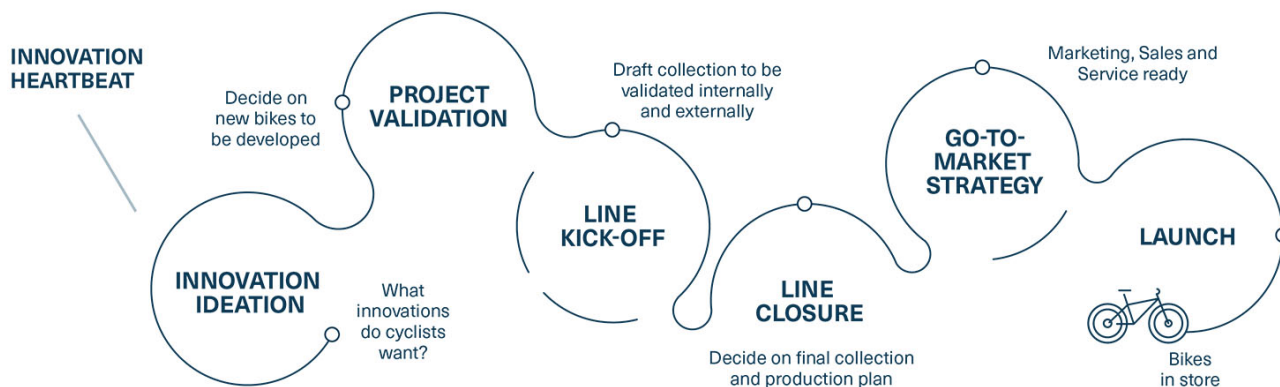
Bicycle parts & accessories (P&A) is a centrally led separate entity inside Accell Group. The P&A business fulfils a wholesale and distribution function for the bicycle business, with our competitive commercial advantage in the enormous long tail of SKUs and brands in our product range.

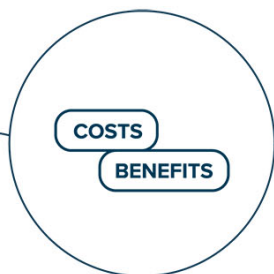
Another driver of competitive advantage is our own international private label XLC supplemented with top brands from third parties.

Our XLC brand is also used in our bicycles which will boost our aftermarket growth. We were successful in our strategy as in 2021 we recorded 21% growth with our XLC brand.

A third driver of competitive advantage is how we drive growth through logistical excellence and added value services. We have implemented various warehouse and logistic improvements such as extended cut-off times. These improvements were enabled by various warehouse management systems implementations.

In 2021, a major part of the value creation in P&A was again (as it was in 2020) driven by our growth through online retailers which is an important part of our P&A strategy.



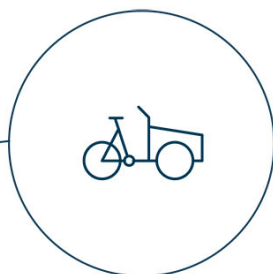


FIT TO COMPETE

- Develop an efficient demand-driven and responsive supply chain.
- Rationalize, standardize, and reduce complexity of product range and supply chain footprint.

In our supply chain we see savings opportunities amongst others enabled by the following three initiatives:

1. Complexity reduction. We are on target to reduce the number of models and SKUs by around 40% (model year 2023 versus year-end 2017).
2. Standardization of brand-specific product platforms and standard component platforms across brands. We introduced the first standard product platform in 2019 and this was followed by multiple platform roll-outs.
3. Rationalization of our supply chain footprint and complexity in general. We will focus on our manufacturing units in the Netherlands, Hungary, Turkey and Germany with clear roles for each site.



ACCELERATE CARGO

- Capture the growth in urban mobility through both business-to-consumers (B2C) and business-to-business (B2B) opportunities.
- Drive innovative cargo platforms across brands in all countries (via dealers and direct-to-consumer: D2C).
- Drive premium cargo offering through Carqon.
- Improve synergies with bike business (production/assembly). Striving to bring all production in house.

Our cargo business continues to record strong growth with overall growth of 25% in 2021 driven across

all European countries by consumers choosing for cargo bikes as a healthy and sustainable means of transport, especially in urban areas. Smart cargo concepts under our brands Raleigh, Winora and Batavus have been rolled out and have been delivered to dealers and consumers.

Lastly, we are using innovation and partnerships to launch B2B concepts to capture last-mile-delivery opportunities in cities. Our B2B business is now fully integrated in the Babboe organization and brand called 'Babboe Pro'.



Babboe Pro

ENVIRONMENTAL AND SOCIAL PERFORMANCE

Cycling brings the world a step closer to a clean environment and a better climate. It promotes physical and mental resilience and helps create pleasant, livable cities with fewer traffic jams, less noise and reduced air pollution. For Accell Group, it is people who make the difference in how we design and build our products.

Accell wants to continuously create value in a sustainable way. We improve the quality of our financial returns by limiting ecological impact, doing business in a socially responsible manner and through good governance. And we take into account the interests of all our stakeholders. We are convinced that this will have a positive impact on the Company in both the short and long term.



NEW SUSTAINABILITY STRATEGY

In 2021, Accell defined its new sustainability strategy for the years ahead. Our goal is to create a culture in which every single employee helps us create both tangible and intangible value in the long term, for Accell and all its stakeholders. We have a positive impact on this front by:

- Helping to create a sustainable society by stimulating cycling.
- Selling sustainable bikes and parts & accessories.
- Producing these in a sustainable way.

To achieve our goal in the years ahead, we have set priorities on four fronts:

- Supply chain management: drives sustainability in our supply chain.
- Product quality & safety: by focusing on innovations, optimizing production processes and continues investment in our people.
- Product design & life cycle: the lifecycle of e-bike batteries and redefining the bicycle for sustainability (cradle-to-cradle).
- Customer welfare: promote the benefits of bicycles and cargo bikes for personal health and the environment.

OUR VISION

We are a purpose-driven company and that purpose is based on the vision that Accell wants to make a real contribution to better lives for people, livable cities and a healthier environment. And that is exactly what our stakeholders, including consumers, dealers, investors and local and national government authorities, expect from us. We are convinced that sustainable production and products will ultimately add value to our company, which will in turn create new opportunities. We see the following opportunities, among others:

- Suppliers will turn into partners, because all agreements are clearly defined and followed up, integrated over the value chain.
- Transport of goods and supplies is optimized.
- We will receive fewer service requests from our dealers because highest product quality and service is the norm.
- Our purpose and sustainability results helps us to attract the most talented people and create a highly committed workforce.
- Sustainable production will increase stakeholders' trust in our Company and brands.

KEY FIGURES

Environmental

Greenhouse gas emissions

company carbon footprint,
in tonnes CO₂-equivalent

2.1%

2021

8,259

2020

8,089

Greenhouse gas emissions

company carbon footprint,
in tonnes CO₂-equivalent per million net turnover

-3.9%

6.00

6.24

Energy consumption

in TJ

1.9%

145

142

Energy consumption

in TJ per million net turnover

-4.0%

0.105

0.110

Green electricity

in percentage of total electricity consumption

0
BPS

20.5%

20.5%

Sustainable energy

in percentage of total energy consumption

6
BPS

8.6%

8.5%

Waste

in tonnes

6.1%

4,245

3,999

Waste

in tonnes per million net turnover

-0.1%

3.08

3.08

Packaging

in tonnes

-12.1%

4,546

5,170

Packaging

in tonnes per million net turnover

-17.2%

3.30

3.99

Plastic in packaging

in tonnes

-13.0%

187

215

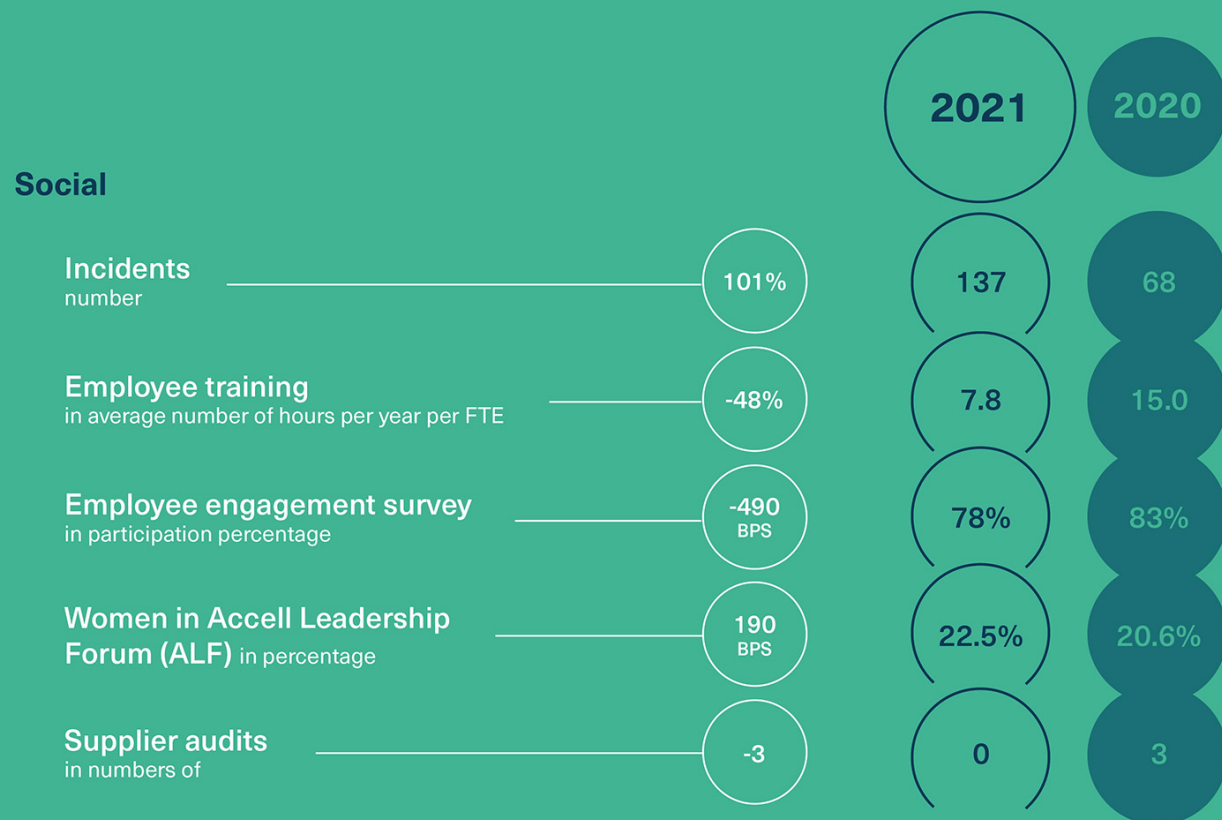
Plastic in packaging

in tonnes per million net turnover

-18.1%

0.14

0.17



RELATIVE NUMBERS

In 2021, Accell produced more bikes and bike-related products and had overall revenue growth which in turn also led to a rise in CO₂ emissions, energy consumption and waste in absolute terms. In relative terms they all declined in 2021. In 2022, Accell will investigate whether results per product (bikes and P&A) can be reported, to give a more accurate picture of the impact of the various measures Accell is taking.



CARE FOR THE ENVIRONMENT

With the lowest environmental impact per kilometre, the bicycle is an outstanding green alternative to the car, scooter or public transport. Reducing this impact to the minimum requires a design and production process with the smallest possible ecological footprint.

The European Commission, various European governments and several special interest groups see the potential of the bicycle as part of a green solution to climate change, lack of physical exercise, air pollution and traffic congestion, especially in larger cities. Accell Group helps to meet these objectives by promoting cycling.

Accell promotes bicycle use by:

- Providing high-quality, reliable (electric) bicycles for transport, sports and leisure.
- Designing and developing new, innovative bicycles and bicycle applications, bicycle parts and accessories that improve safety in traffic.
- Working with the European Commission, European national governments and special interest groups in joint initiatives and discussing and sharing knowledge of bicycles and bicycle use.
- Working with various authorities on measures to encourage cycling and improve (cycling) infrastructure.

INCREASING POPULARITY OF THE E-BIKE

In 2004, Accell developed the first modern electric bike. This made bikes an attractive form of transport for medium-range travel, such as daily commuting, for a huge new group of Europeans. The sales of e-bikes have been rising steadily in all countries since 2018, although the pace of growth has differed per country. The undisputed leader on this front is the Netherlands, which saw sales of over 500,000 new e-bikes in 2020. This was 50% of all bike sales and 30% more than in 2019.

The increasing popularity of the (electric) bicycle is partly due to its green image and the fact that it is a healthy alternative to travelling by car or public transport. Accell continuously invents and develops new technologies and models that enhance these qualities and extend the lifespan of its bikes. The majority of our bicycles are made almost entirely of metals which have the highest reuse and recycling levels of any materials.

SPONSORING

By 2021, Accell Group has invested over a million euros in sponsoring local, regional and international initiatives that help make mobility more sustainable, promote consumer health and safety and promote bicycle use worldwide. In addition, Accell Group sets aside funds for professional sports sponsorship. Cycling heroes in a broad sense not only fulfil an ambassadorial role for our brands with their achievements, but also promote cycling and inspire young people to exercise or to go cycling.





2021: IDEAL CIRCUMSTANCES TO RIDE A BIKE

"I've been working as a professional in this sector for the past 12 years and I've never seen anything like the acceleration over the last 15 months", says Kevin Mayne, Chief Executive Officer of Cycling Industries Europe, the advocacy group for European bicycle manufacturers.

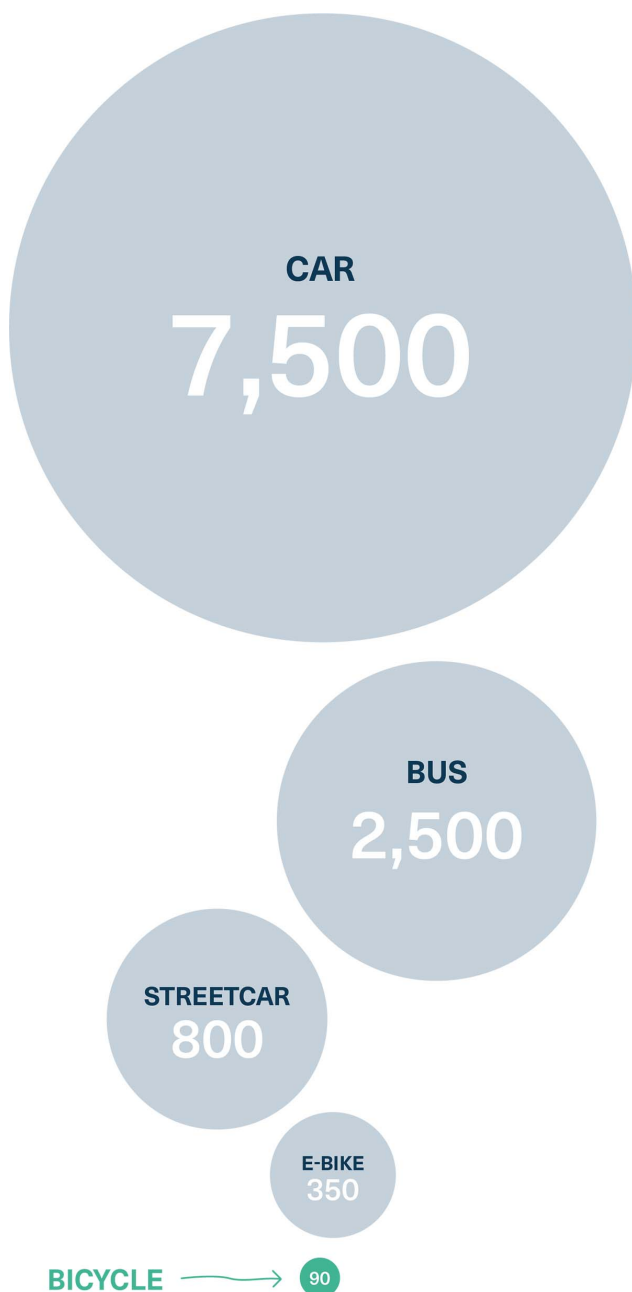
"It's like the perfect storm: an explosive rise in demand combined with a favourable political climate. In Europe, the growth in bicycle sales and cycling itself has been spectacular. The explanation? People were forced to stay at home and wanted to go outside, while there was relatively little traffic on the roads. These were ideal circumstances to ride a bike.

It could have been just a one-off growth spurt, but it was very encouraging to see how national and city governments reacted to make it permanent. "People, go cycling!" urged the German minister of health, for example. And it wasn't only talk. In the final nine months of 2020, European officials unveiled cycling-friendly measures valued at € 1 billion. Cities such as Paris and Milan changed course, often supported by their national governments. In France, around 1.5 million people received a financial incentive to get their bike repaired.

The European Union is also joining in. Member states requesting financial support from the European Recovery Fund are obliged to spend 25% on "green" initiatives. Many of them chose to invest in cycling projects. Over the next two years, an extra € 1.7 billion will become available for regional and urban cycling infrastructure, in addition to the municipal and national investments already in place."

GREENHOUSE GAS EMISSIONS FROM COMMUTER TRAFFIC*

in kg CO₂-equivalent



* Source: Life Cycle Analysis 2018. Accell is aware of the fact that any comparison of the greenhouse gas emissions per mode of transport depends on a number of variables. This means the carbon footprint per person will differ from the figures shown above. In 2022, Accell is planning to commission additional independent research into this subject.

LEADING ROLE IN INDUSTRY

As one of the largest (e-)bike manufacturers in Europe, Accell is constantly engaged in an active dialogue with its stakeholders. We meet with them, we listen, and we exchange information. This is how we map out expectations about our approach and standpoints on various issues such as sustainability and how we stay abreast of relevant current developments.

In 2021, Accell was active as a member of various national and international organizations, industry associations and we participated in initiatives aimed at promoting bicycle use, cycling, road safety, standardization in the sector and sustainable mobility. Accell Group is represented in the World Federation of the Sporting Goods Industry (WFSGI), Cycling Industries Europe (CIE) and the Confederation of the European Bicycle Industries (CONEBI). In addition to this, we work closely with the Dutch Road Safety Council and the German road safety organization Verkehrswacht.

RESEARCH: THE MODAL SHIFT TO E-BIKES

In 2021, Accell hired an independent agency to conduct desk research into existing research on the substitution effects of cycling and its environmental impact. 'Hard numbers' supporting the modal shift from car travel to bicycle use, as well as the underlying consumer motives to change, indicate the (e-)bike's potential to replace the car. However, studies have also touched upon several barriers. It is safe to conclude that there is a group of people who purchase an e-bike and use it to replace a significant proportion of their car travel. Yet while it is plausible to say that there is a modal shift going on, there is not yet enough literature to support a convincing conclusion on its extent.

ACCELL GROUP'S KEY STAKEHOLDERS

- Dealers
- Consumers/cyclists
- Suppliers
- Sector organizations (national and international)
- Governments (local and national)
- Employees (and employee representatives)
- Trade associations
- Investors, financiers and analysts

In [Networks and stakeholder engagement](#) you will find a list of our main contacts with these stakeholders. You will also find an overview, organized by theme, of the various sector and special interest organizations where we have a seat on the board or for which we actively participate in working groups.



CSR EXPERT GROUP

In 2020, partly on the initiative of Accell, a Corporate Social Responsibility (CSR) expert group was set up under the umbrella of the European cycling industry sector organizations CONEBI and CIE.

In 2021 and the years ahead, this expert group will continue to address a number of fundamental issues related to the circular economy and sustainable solutions, in a joint effort to make the industry even more planet-friendly. One example of these solutions was the eradication of plastic in industry packaging. Accell chairs the meetings of this CSR expert group.



GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

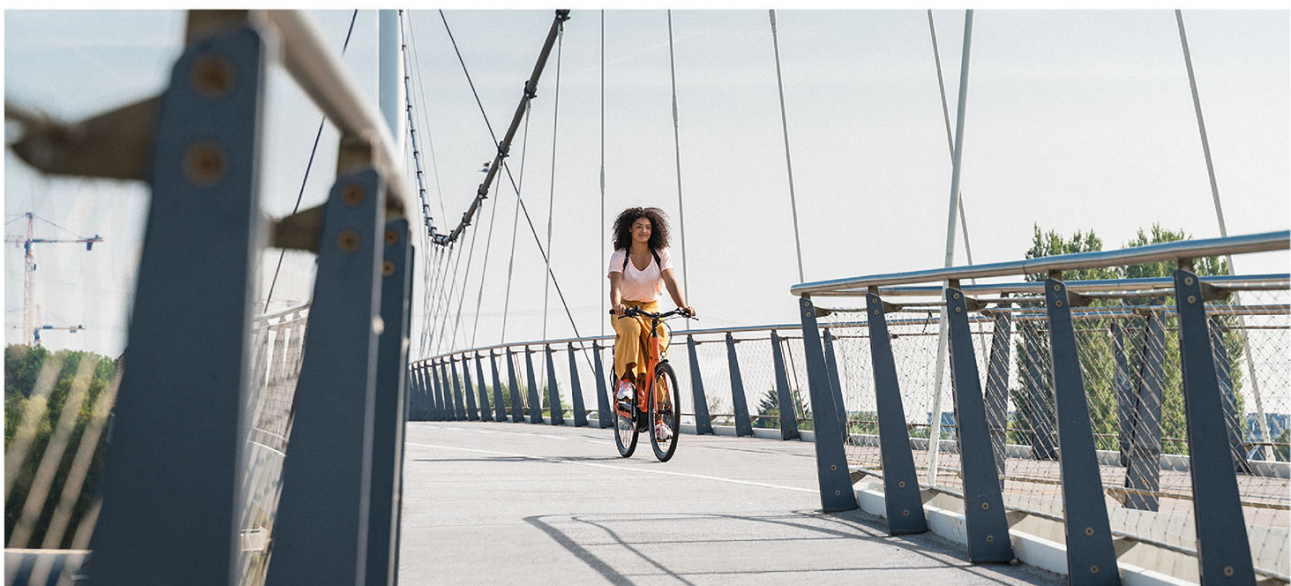
In 2025, Accell Group's end-to-end carbon footprint will be 30% lower compared to 2018.



The greenhouse gas (GHG) emissions of Accell Group amounted to 8,259 tonnes of CO₂-equivalent in 2021 (2020: 8,089 tonnes), which was an increase of 2.1%. Accell produced more bikes and saw strong growth in the P&A business which in turn also led to a rise in GHG emissions and energy consumption in absolute terms. In relative terms the GHG emissions declined to 6.00 TJ per million net turnover in 2021 (2020: 6.24). The relative energy consumption declined in 2021 with 4.0% to 0.105 (2020: 0.110). See the [Employee and sustainability data section](#) of this report for detailed figures on GHG emissions.

Accell measures and reports the results of its GHG emissions (in CO₂-equivalent) in accordance with the [Greenhouse Gas \(GHG\) protocol](#). This includes emissions from fuel consumption at its warehouses and offices, by the transport of goods, purchased electricity for the company's own use, and indirect emissions from the likes of business travel and the use of packing materials.

In 2022, Accell will further explore to also include reducing GHG emissions generated by actual bike use and the reduction of kilometres travelled using fossil fuels as a result of this. In addition, Accell Group is considering joining the [Science Based Target initiative \(SBTi\)](#), which would entail us taking a science-based approach to the reduction of emissions in line with the Paris Agreement.



Batavus

END-TO-END FOOTPRINT ACCELL GROUP



EXPLAINED: ACCELL GROUP'S END-TO-END FOOTPRINT

Accell distinguishes between three circles of greenhouse gas emissions. Firstly, the direct emissions from sources we control, including purchased energy (inner circle). Secondly, the indirect emissions that Accell can ultimately influence. This second circle, in combination with the inner circle, is referred to as the Corporate Carbon Footprint (CCF). We already report a part of these emissions and are currently developing monitoring tools and dashboards.

The outer circle completes the emissions that cover Accell's entire end-to-end footprint. This is the source of more than 80% of the total greenhouse gas emissions from our products. These include sources we have less control over, but this is currently changing due to new insights and new legislation.

For example, new battery-related legislation includes requirements for the use of recycled raw materials and increased producer responsibility, with extra attention for the end-of-life of products. Accell is currently in talks with suppliers and has taken the first steps in the application of the cradle-to-cradle philosophy to reduce emissions in a joint effort with its partners.

The end-to-end footprint (200,000 tonnes of CO₂ equivalent) is an estimate based on a life-cycle analysis and the number of bikes sold and excluding our Parts & Accessories business. When measuring total greenhouse gas emissions, in addition to the negative emissions in the supply chain, it should also be taken into account that bicycles have a positive footprint during their use, as they replace transport kilometres using polluting alternatives (car, train, public transport).

ENERGY CONSUMPTION

Accell consumes most of its own energy at its manufacturing units, offices, warehouses and during the transport of its bicycles. The largest manufacturing units in the Netherlands, Turkey and Hungary account for most of this energy consumption. This is where bicycles are assembled and painted.

Accell's energy consumption increased by 1.9% in 2021 when compared with 2020. This increase in absolute consumption to 145 TJs was the result of a substantial

increase in production. Accell is studying the possibility of also measuring and reporting relative annual energy use per product.

Sustainability and efficient logistics go hand in hand. Our aim is to reduce the number of transport movements and make the maximum use of our transport capacity. By optimizing packaging (see further: 'Waste') and direct shipments from our factories to our distribution warehouses, we save on transport expenditure on certain routes, and reduce our CO₂ emissions.



CLEANER ENERGY

In 2025, 60% of the energy consumption of all Accell Group owned premises will come from renewable sources. Ten years after that, this will be 100%.



Sustainable, or clean, energy, is generated using renewable energy sources, such as wind and solar energy or biomass. This has less impact on climate change and the production of this energy generates little (or no) emissions that have a negative impact on the environment.

In 2021, Accell Group's use of green electricity remained equal when compared with 2020, which is 20.5% of our total electricity consumption. We upgraded the majority of our energy contracts to green electricity supply, which will be effective from the first quarter in 2022. In late 2021, we reached an agreement with the owner of the manufacturing unit in Turkey on the supply of green electricity.

We therefore expect the share of green electricity to increase towards 100% for our main manufacturing units in 2022. The total use of sustainable energy in 2021 remained stable with 8.6% (2020: 8.5%) in percentage of the total energy consumption. In addition, in the coming years we will switch to fossil-free fuels from gas for our manufacturing unit in Waldsassen in Germany.

WASTE AND RAW MATERIALS

In 2025 Accell Group's outbound brand & transport packaging will be single-use (fossil-based) plastics free. And single-use (fossil-based) plastics will be banned in the internal organization.



Accell Group distinguishes the following waste flows: paper and cardboard, metal, rubber, wood, foil and plastic, other waste and hazardous waste. Where possible and responsible, we avoid the use of materials and by doing so limit waste flows. We see the opportunities in, and the need for, a future in which no raw materials are depleted, and residual materials are fully reused in the system.

CIRCULAR ECONOMY

Creating a circular economy requires close cooperation with industry partners and our peers. As one of the key players in the sector, we accept our responsibility and play a leading role in the creation of conditions for ecologically sound production. We also work with industry partners on other sustainability-related topics, such as the development of a social audit platform for the bicycle industry.

WASTE

In 2021, the total amount of waste increased by more than 6% (in kgs) compared with 2020. This was once again a direct result of substantially higher production in 2021. In relative numbers per tonnes in millions net turn over, the amount of waste remained stable. We recycled the vast majority (68%) of this waste, while the remainder was reused, incinerated or sent to landfill. See the [Employee and sustainability](#) data section for an overview of waste production and processing.



LESS PACKAGING AND SINGLE-USE PLASTICS

Thanks to the smarter packaging and transport of bicycles, Accell recorded a sharp drop in the use of packaging materials in 2021. On top of that, production was higher and the decline was even greater in relative terms. Measured in tonnes, the use of packaging materials fell by more than 12%, to 4,546 tonnes from 5,170 tonnes in 2020.

Reducing Accell's use of plastic in packaging is helping us to reduce our ecological footprint. In 2021, Accell used a combined 187 tonnes of plastic in inbound and outbound packaging. This was 13% less than in 2020. See the [Employee and sustainability](#) data section for an overview of the use of packaging materials.

'Green' box for e-bikes

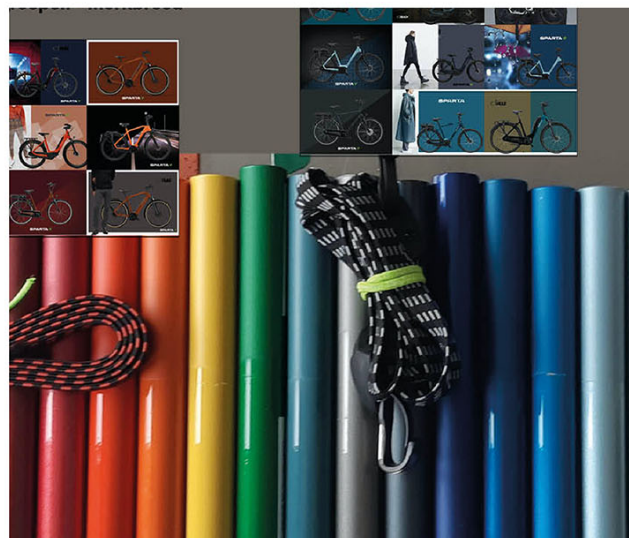
We have developed an innovative sustainable cardboard box for our e-bikes. Also the inner protection items are made of cardboard and paper now. The 'box' is

sustainable due to the use of recyclable cardboard and the almost complete absence of environmentally harmful plastics. In effect, the packaging does justice to the quality of the bicycle itself and the care with which it is made. After all, a bicycle - a green product par excellence - belongs in green packaging.

We expect to phase in the new cardboard box for Accell's e-bikes in 2022, following a minor delay due to the pandemic. We will develop this packaging philosophy into a 'disposable plastic-free packaging programme' for all our bicycles. With this innovation, Accell is anticipating new European packaging regulations and taxes that are expected to arrive in the next few years.

WATER-BASED PAINT

Late 2021, Accell decided to in principle paint all our bike frames at our own manufacturing units. All our manufacturing units use 100% water-based paint for this purpose, as opposed to solvent-based paint mainly used in Asia. All our plants filter paint residues out of the water, so all the water we use is returned to the environment in a clean state.



PRODUCT DESIGN FOR THE FUTURE



Define a clear cradle-to-cradle roadmap for 2035, including intermediate targets for 2025 and 2030.

As one of the leading global bike manufacturers, Accell Group wants to take a leading role in driving the cradle-to-cradle philosophy in the bike industry. The basic idea is to recycle, reduce, rethink, reuse and upcycle.

CRADLE-TO-CRADLE

Cradle-to-cradle stands for innovation, quality and beneficial design. Cradle-to-cradle describes the safe and potentially infinite circulation of materials and nutrients in cycles. After a 'life' in one product, materials are used as raw materials to produce a new product. This process leaves no residual products or hazardous substances that need to be disposed of as waste. Accell's ambition is to eventually produce bicycles and accessories according to the cradle-to-cradle principle.

In 2021, Accell launched a concrete approach for the use of the cradle-to-cradle framework to strengthen our product design and lifecycle management, one of our main strategic sustainability topics. This approach includes a clear roadmap that will enable us to achieve cradle-to-cradle gold level in 2035. In 2022, we and our partner EPEA (founding father of cradle-to-cradle), will assess one of our bicycles in line with our strategic topics for the cradle-to-cradle bronze level. We will actively involve various Accell departments and our partners in this process. We will then translate what we learn together into best practices and design guides that will enable the departments to start assessing other Accell bicycles based on the same criteria. On the basis of these assessments, the departments will define innovation projects that will help our bicycles to meet the cradle-to-cradle criteria and be more sustainable.

REUSE AND RECYCLE

Electric bikes use batteries that contain metals and minerals. These raw materials are in danger of becoming scarce and their extraction and production can have a negative impact on the environment. Accell believes it is important to use the available raw materials from batteries as efficiently as possible, to minimize waste and harmful emissions into the soil, water and air.

The European target for recycling batteries is more than 60%. To achieve this, various processes are combined into complex process chains to recover a high percentage of valuable materials, while taking safety in account. In 2021, Accell initiated several (research) projects for the collection and reuse of (parts of) batteries, in cooperation with a number of key business partners. These included a project to study the possibility of setting up a service programme for the testing, separation and collection of batteries by dealers.

Another project is focusing on the residual capacity of batteries when they no longer work. This percentage proved to be surprisingly high, and opens up the potential for the more efficient use of raw materials thanks to the more prolonged use of the batteries and the marketing of the residual value.

Accell is working with CONEBI, a European federation of bicycle industry players, on a study into the potential to improve the lifecycle of batteries. Accell is also involved in the drafting of a definitive European Union directive for portable batteries in Light Means of Transport. This directive is likely to be published in 2022.

SAFETY

Road safety, or rather a lack of road safety, is an important reason why people are not starting to cycle.

Accell works hard to make bicycles safer in traffic using several future innovations, such as reflective paints, decals and new lighting concepts. For traditional bikes, we use hub dynamo-powered front and rear lights, so cyclists never run out of power and remain visible to other traffic. We also fit our bikes with innovations such as daytime running light designs and V lights that project a V shape on the road to add even more visibility. In 2022, all Batavus e-bikes will also be equipped with brake lights for increased safety.

SUPPLY CHAIN RESPONSIBILITY

In 2025, the use of single-use (fossil-based) plastics in inbound transport of parts packaging from suppliers to our production hubs will be reduced by > 50%. All suppliers in high-risk countries will be reaudited every three to four years.



Accell Group wants to create sustainable value by supplying responsibly produced bicycles and bicycle accessories. Accell also looks at the entire supply chain and its suppliers become partners we work closely with to achieve our sustainability targets.

SUPPLIER AUDITS

Accell was unable to conduct any supplier audits in 2021 due to the travel restrictions and lockdowns triggered by the pandemic in Europe and Asia. Accell will resume these audits as soon as national governments permit visits to their respective countries. In 2021, Accell prepared for this new round of audits by setting up a new, independent supplier audit programme. This integrates and improves a number of topics, such as quality, organization, labour rights and safety at work, resulting in a professionalization of contracts and partnerships.

One significant side-effect of the audits is they provide Accell suppliers and other companies in the production chain with an incentive to accept their own responsibility on the environmental, social and governance fronts. The auditing of suppliers takes place in accordance with the Responsible Sport Initiative (RSI), one of the sector's cooperative initiatives. To safeguard international social and safety standards, it is our ambition to visit ten suppliers or sites in 2022*.

**If there are no restrictive pandemic measures.*

Supplier Code of Conduct

Accell has developed and introduced a new Supplier Code of Conduct, which lays down its conditions for suppliers and other parties involved in production and purchasing. These conditions cover items like child labour, involuntary labour and discrimination, safety requirements, environmental requirements and working conditions. This Supplier Code of Conduct will be made available on the Accell website and is a part of a dedicated programme aimed at our global suppliers, also in anticipation of new legislation in the field of ESG. Suppliers will be asked to sign the Supplier Code of Conduct when entering into new contracts.

RESPONSIBLE SPORT INITIATIVE (RSI)

Accell is working with other leading brands in the bicycle industry, suppliers and retailers under the umbrella of the World Federation of the Sporting Goods Industry (WFSGI) on an integrated and common code of conduct. This led to the RSI, of which Accell is a co-founder. The RSI provides a uniform standard and enables RSI participants to reduce the impact of evaluation on suppliers.

INBOUND PACKAGING

More than a quarter of all Accell's frames sourced in Asia are solvent spray-painted. In late 2021, Accell decided to gradually relocate this process to its manufacturing units in Europe. This helps us considerably reduce our use of single-use plastics, which are not necessary for the transport of unpainted frames.

Moreover, the transport of non-painted (raw) frames is more efficient than for painted frames, contributing to less inbound transport and therefore less CO₂ emissions. By switching from solvent spray-painting frames in Asia to in-house painting, we will move to 100% water-based paint, with the associated reduction of chemical use and emissions.

Replacing plastics with reusable crates

In 2020, Accell started talks with a major supplier of electronic systems in Hungary on the replacement of plastic packaging with reusable crates. This will save time (less unpacking and removal) and eventually reduce the use of disposable plastic. Accell wants to work with its peers in the industry on this front, so increased demand will make it more attractive for suppliers to change production methods. Due to the pressure in the supply chain at our partners - a direct consequence of the pandemic - we temporarily shelved this project in 2021.



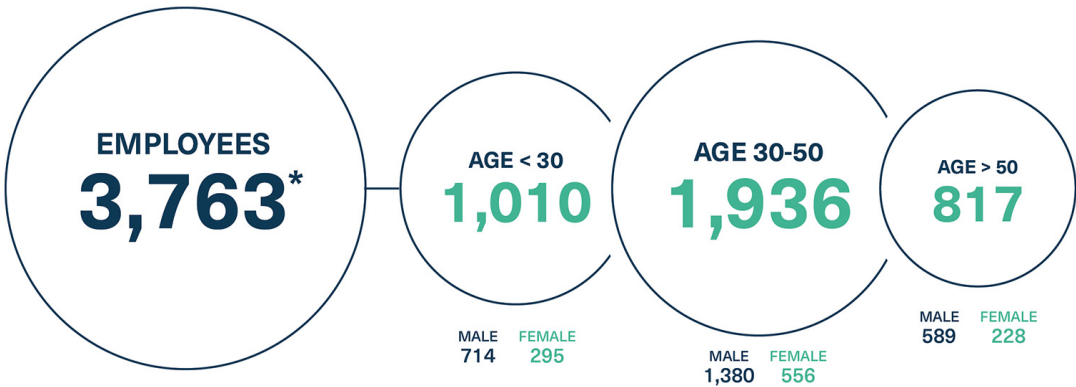
Lapierre

SOCIALLY RESPONSIBLE

Accell designs and produces bicycles with respect for our employees, dealers, customers, suppliers and society as a whole. Our employees are the driving force behind everything we do. Together, we get millions of people moving and get the best out of people and bikes.



NUMBER OF EMPLOYEES



* Reference date End-November 2021 and measured in FTEs

See more facts and figures on our employees in 2021 in the [Employee and sustainability data section](#).

ONGOING COMMITMENT AND DEDICATION DURING THE PANDEMIC

At the start of the year few people imagined that economic and social developments in Asia and Europe would be yet again overshadowed by the pandemic. But, once more, lockdowns brought part of economic and social lives almost to a complete standstill. Fortunately, this did not apply to Accell's manufacturing units and warehouses, which continued to deliver bikes, parts and

accessories. Despite having to operate in difficult circumstances, having to comply with strict hygiene rules, our employees delivered a truly impressive performance. Office personnel worked mainly from home, which put high demands on their flexibility and resourcefulness. Over time, all our people adapted to dealing with the situation. Thanks to the hard work and creativity of all our employees, we were together able to continue operating very close to "business as usual".

Accell initiated hygiene-related and other measures in our manufacturing units and warehouses and made it possible for employees to work remotely from home. Due to our compliance with strict guidelines aimed at safeguarding the health and safety of our employees, we managed

to limit the number of COVID-19 infections in the workplace. We also involved our employees' immediate families in the care we provided and the measures we took.

ENGAGED EMPLOYEES

In 2026, our goal is an engagement score of 8 and employership score of 7. The international benchmark is respectively 7.6 and 6.8.

Employees make the difference. With their passion and dedication, they deliver high-quality bicycles, bicycle parts and accessories. Accell has combined all its employee development programmes under the motto: *Together We Move Accell Forward*.



EMPLOYEE ENGAGEMENT SURVEY

In 2021, for the third time, we invited all our employees to participate in the Accell Engagement Survey. Despite practical implementation challenges due to the COVID-19 measures, over 78% (2020: 83%) took part in the survey. The total engagement score for Accell Group is 7.2 (2020: 7.3), showing the appreciation for the company stayed almost the same in this year of challenging on-site conditions and remote working. We see this as a positive sign that we are an employer who is there for our employees when they need us. This was confirmed by, among other things, the high appreciation for the

measures, support and communication regarding the pandemic. In addition, the survey showed a particularly high appreciation for a positive work experience and for being part of an inclusive organization. We can also conclude that targeted measures bear fruit. In particular, two units in the organization which had lower scores in previous years, scored above average in the year under review. There remains room for improvement, in particular regarding efficiency and communications. HR will place extra emphasis on these in the years ahead.

TRAINING

In 2021, we offered an average of eight hours per FTE for external training and education. This is in addition to on-the-job training. Many training facilities were closed due to the pandemic and it was almost impossible to provide classical learning opportunities. This was achieved by offering online education, among other things. In addition to regular training, we provided numerous (online) training initiatives as well as coaching and personal guidance for employees and managers on how to deal with the circumstances caused by the pandemic. These covered issues such as "remote leadership" and "work-life balance". See the "[Employee and sustainability data](#)" section of this report for detailed figures on training.

HEALTH AND SAFETY OF EMPLOYEES

The pandemic in particular is a clear demonstration of just how important it is to be a responsible employer and to improve and guarantee the HEALTH AND SAFETY of your employees. In addition to regular training, Accell provided numerous (online) training initiatives as well as coaching and personal guidance for employees and managers on how to deal with the circumstances caused by the pandemic. These covered issues such as "remote leadership" and "work-life balance".

In 2021, 137 incidents were reported at work that resulted in sick leave which is higher than in 2020 (68). A new, improved definition has been used in 2021, therefore the difference provides a distorted picture of the number of incidents. The absenteeism due to accidents as percentage of total working hours of all employees on the payroll reduced by 20% (2021: 0.08%, 2020: 0.10%). Safety teams at our plants stay focused on preventing the causes of incidents. See the "[Employee and sustainability data](#)" section of this report for detailed figures on health and safety.

EMPLOYEE ENGAGEMENT SURVEY

	2021	2020
ENGAGEMENT SCORE Engaged in their work	7.2	7.3
EMPLOYERSHIP A work environment where people feel at home and accepted	6.4*	NOT MEASURED
MY WORK Contribution to the organization purpose	7.8	7.5
MY ROLE Tasks, responsibilities, job content	7.5	7.6
MY DIRECT COLLEAGUES Quality of interaction and teamwork	7.3	7.2

* Industry benchmark: 6.8

ENVIRONMENT HEALTH AND SAFETY (EHS)

Environment, Health and Safety (EHS) teams check which environmental and safety improvements are needed at the manufacturing units on a monthly basis. The teams also monitor the execution of any improvement measures. They consult with each other and report their findings at Group level. This means the teams can learn from each other on subjects such as reducing energy consumption and increasing waste separation.

DIVERSITY AND INCLUSION

In 2025, > 30% of the Accell Group Leadership Forum will be female in line with our Diversity & Inclusion policy.



Accell Group supports and promotes diversity and equality. One of our aims is to balance the gender ratio at every level of the company and to create a working environment where everybody has the opportunity to grow and can excel. We stand for a work culture of integrity, where women and men are given equal opportunities. To make this happen, we focus on diversity and inclusion.

In 2021, 29% of our total workforce was female in line with 2020 and 22.5% of the Accell Group Leadership Forum were women.

Accell maintains and develops a culture in which people feel recognized and respected, that embraces differences and in which colleagues share clear values. We want a culture in which individuals can be their best selves and inspire others to do the same, creating high-performance teams that help us to meet our strategic goals. To this end, we offer employees access to facilities, personal and career development opportunities and employment on the basis of equal opportunities.

An assessment showed in 2021 that although we are doing well in terms of recruiting and employing women, the challenge is to get more women onto career development paths to senior (leadership) positions.

With this in mind, in 2021 the Board of Management set up a Diversity & Inclusion programme. Due to pandemic, the start-up of this programme was delayed slightly, but it is now being implemented. In essence, the programme is aimed at building a strongly connected women's community, to recognize and show what women are doing and improve internal and external communications on relevant subjects. On top of this, we have introduced recruitment and development programmes to increase opportunities for women and for the systematic recruitment and career development of more women for senior roles.



LOCAL INITIATIVES

We strive to show leadership in diversity and have many (local) initiatives to support this effort. The Accell Bisiklet manufacturing unit (Manisa, Turkey) is publicly recognized as one of the best places to work for women in Turkey. They have launched several initiatives to ensure women's safety (traveling home by bus) and recruited more female employees (women's training programme for welders).

Accell is also participating in, and has founded, local women's cycling initiatives, such as a women's festival of cycling in the United Kingdom. And last but not least, we support a number of professional female cycling sports teams:

- [GHOST factory racing team](#)
- [The Lapierre Zipp Collective](#)
- [Indoor track TEAM NL](#)
- [FDJ Nouvelle-Aquitaine Futuroscope](#)



Anne Terpstra, GHOST Lector bike designed by Tina Kutschki (Accell R&D)

CARE FOR SOCIETY

Accell Group accepts social responsibility for its own activities and those of its business partners. Examples include conducting business fairly, combating fraud and corruption, protecting human rights and preventing child labour. We work with our suppliers and partners on the basis of mutual respect.

ACCELL'S CODE OF CONDUCT

Having a strong set of values that respect people, society and the planet has always been at the heart of Accell and will continue to be critical to building our purpose-driven company. Our license to operate and our ability to compete successfully are dependent on every single person in the company living the same values.

Accell does business fairly, and firmly rejects any form of bribery. We support the principles of free enterprise and fair competition. The risk of non-compliance requires attention and, if necessary, appropriate action. In 2021, Accell laid down new instructions and recommendations for the behaviour we expect in a completely new internal Code of Conduct.

This goes beyond mere compliance with laws and regulations and provides a guide to conduct in numerous areas. Accell regularly reviews laws and regulations and makes changes to the Code of Conduct when necessary. The full text of the new Code of Conduct is available on [Accell Group's website](#).

Following the publication of the new Code of Conduct in 2021, Accell launched an online training programme that all employees in office roles are obliged to follow. For production staff dedicated measures are being implemented. We will continue to disseminate the Code of Conduct internally and improve awareness and compliance.



SPEAK UP

Accell's Code of Conduct includes a Speak Up Line. This is available 24/7 to all employees. They can express their concern anonymously calling the Speak Up Line, which is operated by an independent external supplier.

WORLD BICYCLE RELIEF

Accell has supported World Bicycle Relief since 2006. This non-profit organization mobilizes people in developing regions by giving them a bicycle. Millions of people walk kilometres every day to survive. On foot under the hot sun, distance prevents people from going to school, receiving healthcare and bringing their goods to the market. World Bicycle Relief provides specially designed, locally assembled, robust bicycles to residents of rural developing regions. The efficient and innovative bicycle model gives students (especially girls), health workers and entrepreneurs the mobility they need to change their lives. In recent years, World Bicycle Relief has delivered 200,000 bicycles and trained about a thousand technicians.



CORPORATE SUSTAINABILITY IN PROGRESS

The European Commission wants to bring corporate ESG reporting in line with financial reporting. This gives stakeholders, including investors, the opportunity to assess a company's economic activities on an equal footing and enable them to ascertain the extent to which a company is creating financial and non-financial value.

As a listed company, sustainability reporting is compulsory for Accell Group according to the European Union NFRD (non-financial reporting directive). Stakeholders' increasing need for relevant, reliable, comparable and available environmental, social and governance (ESG) information is accelerating the introduction of new laws and regulations. In April 2021, the European Commission adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD), that will require all large corporations to include more and detailed ESG reports in their 2023 annual reports. This report will cover sustainability targets, the risks and opportunities driven by ESG factors, the resilience of a company's business model in terms of its strategy for combatting climate change in the short, medium and long term. In addition to this, the recommendations of the Task Force on Climate related Financial Disclosures (TCFD) may also be included in the CSRD reporting requirements.

TAXONOMY REGULATION

Regulation (EU) 2020/852 (the 'Taxonomy Regulation') was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. It aims to define environmentally sustainable activities. The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with EU goals as the Taxonomy is a classification system for environmentally sustainable economic activities. For 2021, companies are required to report what share of their activities are considered to be 'eligible'. For 2022, companies will also need to report on whether these eligible activities are 'aligned', following a three step approach including technical screening criteria set by the EU Taxonomy. We present the share of our group turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period 2021, which are mainly associated with Taxonomy-eligible economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with Art. 8 Taxonomy Regulation and Art. 10 (2) of the Art. 8 Delegated Act. [Read more here.](#)

GRONINGEN

HERE THEY SPEAK CYCLISTS' LANGUAGE

Groningen, a city in the north of the Netherlands, proudly presents itself as the world's cycling capital city. With some justification, as the two-wheeler represents no less than 60% of all transport journeys. This is thanks to years of innovative, cycling-friendly city council policy. Colleague city officials from Japan, Belgium and Canada all come to Groningen for inspiration, with one clear winner: the global urban cyclist. We talk to the driving forces behind the cycling capital Groningen: Ingrid Bolhuis (programme manager Quality of Life in Public Spaces) and Erwin Kloen (project manager), both working in the municipal directorate of Urban Development.

Way back in 1977 city officials in Groningen made the rigorous choice to create more room for cyclists in the city centre. Kloen: "A revolutionary traffic circulation plan reduced traffic congestion in the centre and strengthening the caring, living and work function of the city. It was, and still is, a great success. Now, more than 40 years later, it is once again time to make choices, that perhaps go even farther than we were already used to."

RELAXED STREETS AND NEIGHBOURHOODS

And Groningen has made a choice. In 2021, in order to improve livability in neighbourhoods and villages for residents, the city drew up a guide for Living Quality of Public Space, with the significant title of "New Space". Bolhuis: "The guide uses the human dimension as a starting point, as in meeting the needs and wishes of city residents. It turns out that having "a car in front of the house" doesn't have the highest priority.

Groningen, the Netherlands, Ingrid Bolhuis (left) and Erwin Kloen (right)





People find it more important to be able to move in a relaxed way through streets and neighbourhoods, where children can play safely outside and where residents can meet each other. Where cyclists get room and cars have a less prominent role.”

The guide contains ten factors which determine the layout of a street. Bolhuis explains: “Mobility is just one of them and is no longer the most important factor. Others are safety, health, social interaction, ecology and cultural history. We organized walks with residents and entrepreneurs through neighbourhoods and translated their proposals into new “street models” for different types of streets in Groningen. If there are existing urban renewal plans, to replace the sewers for example, we take these models as a source of inspiration and redesign the public space together with residents and businesses.”

SMART CYCLE ROUTES

Meanwhile the number of cyclists in Groningen continues to grow, and space needs to be found for them: “We don’t just look at the fastest route from A to B, but we also look at the health and social aspects as our point of departure. Together comfortably on our way. That is the leading principle,” says Bolhuis. One example is the smart cycling routes which connect the city to the university campus.

NEIGHBOURHOODS WHERE CYCLISTS GET ROOM AND CARS HAVE A LESS PROMINENT ROLE

Kloen: “Wide paths, few obstacles and virtually no traffic lights. Some 20,000 students use them every day and they are among the busiest cycle paths in the Netherlands.”

As well as building new cycle routes, Groningen changed the traffic rules. Kloen: “One such example is that at junctions we make all traffic lights go green for pedestrians and cyclists at the same time, so that they are not crossing at the same time as cars. This avoids blind spot accidents and people can also cross diagonally. You might think that this would lead to problems, but this is not the case: cyclists manage this among themselves: they speak the same language.”

GOVERNANCE AND COMPLIANCE

Accell Group N.V. ("Accell Group" or "the Company") is a public limited liability company (Naamloze Vennootschap) under Dutch law, that applies a two-tier board structure comprising a Board of Management, composed of managing directors, and a Supervisory Board, composed of supervisory directors. The Supervisory Board supervises the Board of Management and ensures that external experience and knowledge is embedded in the Company's conduct.

The two boards are independent of each other and are ultimately accountable to the General Meeting ("General Meeting"). Accell Group's corporate governance is laid down in the Company's articles of association and the Board of Management and Supervisory Board regulations, which can be found on our [website](#).

COMPLIANCE AND RISK

Accell Group is active in a significant number of countries. Global trade and political developments affect the markets in which Accell Group operates. This may involve trade barriers in the form of protectionism or geopolitical and social tensions, but Accell Group's results may also be affected by general economic conditions and the economic outlook of the countries in which the Company is active. Especially, the conditions in the Group's key purchasing markets also play a major role in the Company's results. As a result, the Company is potentially exposed to numerous risks and circumstances beyond its control.

Accell Group has a framework to identify, analyse, monitor, manage and control risks. The Company distinguishes between strategic, operational, compliance and financial risks. Strategic risks are related to Accell Group's strategic choices, while operational risks are related to operational activities, financial risks are related to financial markets and general market developments and compliance risks are related to applicable laws and regulations, but also to contracts, strategies and policies. For more detailed information on financial risks, see [section 13](#) in the consolidated financial statements.

RISK MANAGEMENT



RISK EVENTS AND TRENDS IN 2021

Risk management is a company-wide activity, under the responsibility of the Board of Management, focused on the areas of major risk exposure. We consider risk assessment and mitigation to be a continuous process, carried out against the background of an evolving risk landscape, which includes short, medium and longer term challenges. The risk of the global pandemic further materialized in 2021. By acting adequately and working with local response teams, we implemented mitigating actions to safeguard employee health and well-being and minimize business disruption. The pandemic still causes a great deal of uncertainty from a supply perspective. High global demand led to longer lead times and higher pricing in combination with logistical disruptions.

RISK AWARENESS AND CULTURE

Employees are aware of and responsible for risks while carrying out their day-to-day work. They must abide by the applicable general code of conduct and comply with all applicable laws and regulations and policies. Accell Group continuously enhances employee risk awareness through various initiatives, including targeted communications and training. The responsibility for implementing control measures is delegated to employees with responsibility for risk management in a specific area (for example, a process, a system, an asset, or information). Accell Group stimulates a culture in which weak areas in its risk management programmes or control measures are reported transparently and dealt with effectively.

RISK ADVISORY BOARD

Our Company is growing. With that growth comes the requirement and the responsibility to further professionalize the risk management process in order to control and mitigate the inherent risks of becoming a more complex organization. In 2021, we set up our Risk Advisory Board to play a crucial role in this professionalization initiative. This body carries the responsibility for overseeing and facilitating the risk management process, its practices and its policies within Accell Group. It serves as the linking pin between the business functions, which are ultimately responsible for the management of risks in the operations, and the Board of Management and Supervisory Board. Second line / staff functions play an important role in the Risk Advisory Board by monitoring, reporting and advising on key risks in their respective areas. Six Risk Advisory Board meetings were held in 2021.

GOVERNANCE (LINES OF DEFENCE)

The Board of Management has final responsibility for the effective control of risks. The risk control and compliance oversight functions established by management are the second line of defence, an independent assurance is the third line of defence (see table).

LINES OF DEFENCE	INTRODUCTION	RESPONSIBILITY
First line	Management carries primary responsibility for daily risk management when performing business activities. In addition, management maintains a system of internal risk management and control system designed to deal with these risks.	Operational managers and the regional management teams and/or operating companies.
Second line	Supports management in overseeing, advising on, development, and monitoring of the effectiveness of risk management processes and systems. Furthermore, the second line sets the risk management framework, internal policies, and procedures.	Risk management, Internal Control, Financial Control, Quality, Compliance and Legal Affairs (Group functions).
Third line	Provides assurance that the structure and the operational effectiveness of the internal management measures, including risk management activities are independently evaluated.	Internal Audit (Group function).

To be able to evaluate the effectiveness of measures, the Group departments (second line) regularly inform and advise the Board of Management about the progress and outcomes of the various risk management programmes. Internal Audit reports independently to the Board of Management and to the Audit Committee on the effectiveness of the risk management and internal control framework, policies and procedures. First line management is pro-actively advised on any required improvements. An annual internal audit plan is presented to the Board of Management and on proposal of the Audit Committee approved by the Supervisory Board.

Engagements carried out are summarized in a report presenting the conclusions and highlighting any findings, risks, and related recommendations. For audits, a three-point grading scale is used to express the impact of the findings and the level of action required from either local management or the Board of Management. Business management is required to follow up on recommended actions and this follow-up is monitored within a desired timeframe depending on risk impact and a period for corrective action.

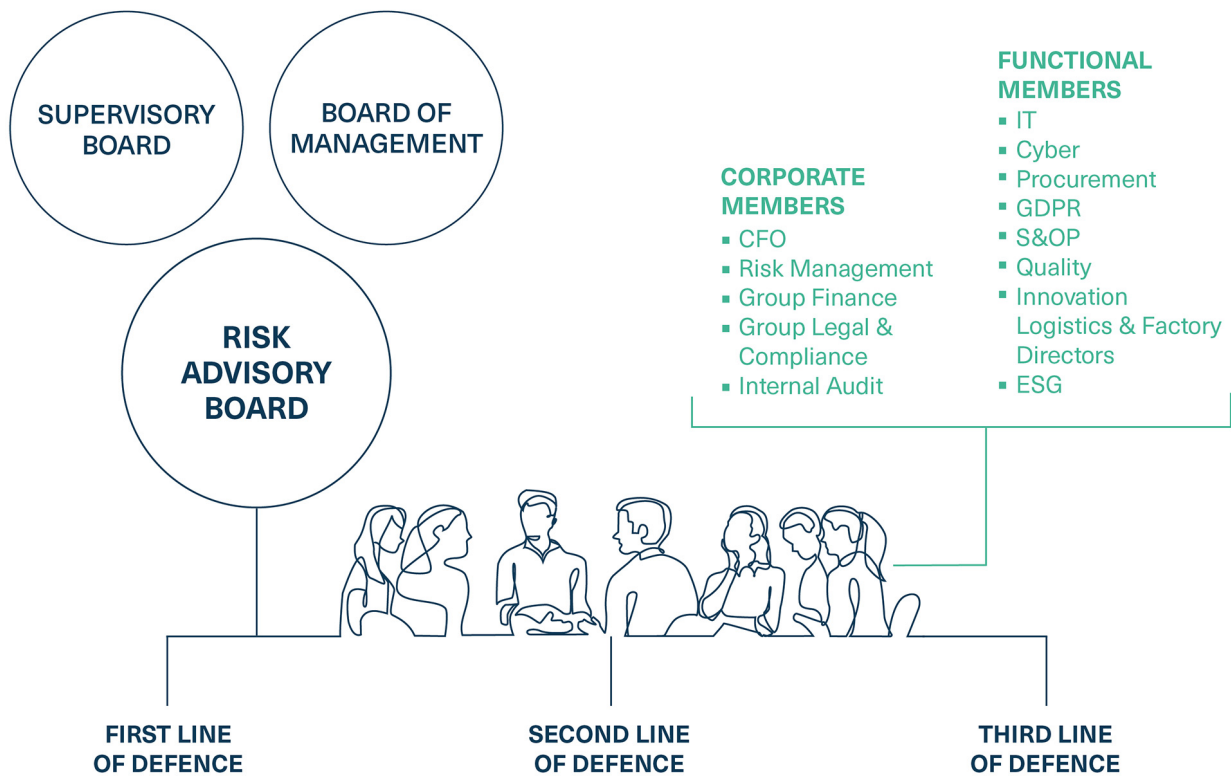
Internal Audit also carries out specific ad-hoc investigations at the request of the Board of Management or the Audit Committee. The Audit Committee informs the Company's Supervisory Board.

The role of the Audit Committee and their report on 2021 is described in the Supervisory Board Report section of this Annual Report. The Board of Management reviews key risks on a regular basis from all regions and key central functions. Based on the risk analysis, the Board of Management implements and maintains internal risk management and control systems.

Where relevant, these systems are integrated in Accell Group's operating processes to ensure that employees are conversant with these systems. The Board of Management monitors the operation of the systems. This monitoring covers the material control measures related to our key risks.

RISK ADVISORY BOARD

THE CORNERSTONE OF THE THREE LINES OF DEFENCE MODEL WITHIN ACCELL GROUP



RISK MANAGEMENT FRAMEWORK

Accell Group's risk management framework is based on the Enterprise Risk Management – Integrated Framework of COSO and the Dutch Corporate Governance Code. This risk management framework, established by the Board of Management, covers the approach and responsibilities for risk management across the Company. The Board of Management has defined a strategy which focuses on the business and underlying initiatives. These form the bases for Accell Group's risk management. To safeguard the quality of the Company's financial reporting and operational controls, Accell Group has an internal risk management and control system in place.

This risk management framework comprises the following components:

- Identifying and weighing the risks associated with the various strategic options and formulating realistic objectives and related control mechanisms.
- Identifying and evaluating the main strategic, operational, financial and compliance risks and the potential impact on the company.
- Developing a coherent system of measures to control, limit, avoid or transfer risks. The risk management system is tailored to the size and structure of the Company.

Accell Group deploys a risk management approach that identifies and mitigates risks at all levels of the organization. The Board of Management determines the level of risk acceptance and decides on risk mitigation.

The implementation and development of a dedicated Risk Advisory Board in 2021 is a fundamental part of the Accell Group risk management framework.

The Risk Advisory Board helps Accell Group to communicate and successfully embed risk management within the Company, it sets out clear lines of communication to all internal stakeholders to ensure risk management gets the attention it needs to increase its maturity. The Risk Advisory Board is not a "second line party" but supports and facilitates the first line in making transparent decisions and placing the correct priority on mitigating activities for key risks to Accell Group's business. It serves as the linking pin between the business and the second line.

Accell Group's risk management framework does not provide absolute certainty that all risks can be prevented or mitigated adequately and in time. The purpose of the risk management framework is to provide a reasonable level of assurance regarding the effectiveness of internal controls pertaining to strategic, financial, compliance and operational risks that may affect the organization's objectives.

RISK PROFILE AND RISK ACCEPTANCE

The most significant risks have been identified and clustered into four categories: strategic risks, operational risks, compliance risks and financial & reporting risks. For each risk we then appraise the possible impact on the organization and the likelihood that this risk will occur. This potential impact includes financial and non-financial factors such as reputation.

It is the Board of Management's duty to weigh the business opportunities against the expectations and interest of shareholders, employees and other strategic stakeholders. Decisions regarding changes or fine-tuning of our business models are taken by the Board of Management in accordance with the risk acceptance of Accell Group. A balance is explicitly sought between acceptable risk on the one hand and the entrepreneurship conducted in the context of long-term value creation on the other.

The approach Accell Group has chosen to deal with these risks has been determined per risk category:

STRATEGIC RISKS

With the ambition 'to become market leader in the mid and higher segment of the bicycle and parts & accessories market in every country in which we operate in a consumer-centric and socially responsible way', taking and accepting strategic risks in a balanced manner is inevitable.

COMPLIANCE RISKS

Compliance with all applicable laws and regulations including Accell Group's Code of Conduct is of fundamental importance to the Company.

OPERATIONAL RISKS

Accell Group seeks to limit the risks (including climate change related risk), that may jeopardize the execution of its business activities and is averse to risks that could jeopardize the product safety. In addition, Accell Group applies high safety standards to ensure a safe working environment in its operations - factories and warehouses. Reporting on safety is part of the reporting cycle.

FINANCIAL AND REPORTING RISKS

Accell Group is averse to risks that could endanger the integrity of finance and reporting, we have a prudent financing strategy and a strict credit policy.

IN 2021 ACCELL GROUP MADE VARIOUS IMPROVEMENTS IN THE RISK MANAGEMENT PROCESS:

- Accell Group set up the Risk Advisory Board as the cornerstone of the three lines of defence risk model. We also appointed a dedicated risk manager.
- Accell Group has appointed internal control managers who monitor internal control-related activities. An important part of these activities is to further embed the Accell Internal Control Framework and to oversee the annual testing of internal controls.
- Established and executed the compliance plan. Additional legal staff has been hired to draft and issue policies, monitor developments in legislation and to implement compliance requirements in the processes within the company.
- Successful roll-out of the new Code of Conduct and mandatory e-learning by all staff.

- A manual on Competition Law was issued and webinars and trainings for sales and marketing staff were held.
 - We recruited an Information Security Officer, who will drive the further embedding of cyber security and data privacy related actions.
 - We rolled out the S&OP program to further align all regions, procurement, the factories and finance in the end-to-end process. Data has been harmonized in 2021 by using common keys, enabling a further step up in planning.
 - Established the supplier contracting plan to further standardize framework purchasing agreements including topics as the Supplier Code of Conduct, the General Terms of Purchasing and ESG.
 - Established the supplier audit plan to further assess the supplier compliance, supplier performance and the ESG 2023 readiness.
-

FURTHER IMPROVEMENTS PLANNED FOR 2022:

The Company is planning the following actions and/or improvements for 2022 on Accell Group's risk control system:

- Continuation and further professionalization of the Risk Advisory Board and further collaboration between risk management, internal control and internal audit.
 - More detailed guidance on the new Code of Conduct by means of dedicated on-site or virtual sessions for the management of the Group's companies. The purpose is to enable managers to cascade the Code of Conduct to their teams. Content of the session will also include dilemmas and discussion.
 - Further roll-out and embedding of the Accell Internal Control Framework, as part of the internal control framework, IT controls will be strengthened and embedded (e.g. segregation of duties within systems).
 - Systems and Data: Accell Group will continue to optimize Data Management especially on components; we will perform various upgrades on the current ERP systems.
 - Roll-out of the supplier contracting plan to further standardize the purchasing agreements including the new Supplier Code of Conduct, the General Terms of Purchasing, all taking into account (forthcoming) ESG legislation.
 - Roll-out of the supplier audit plan to further assess the supplier compliance, supplier performance and the ESG 2023 readiness.
-

KEY RISKS AND MITIGATION OF THESE RISKS

The Board of Management has identified the most significant risks to the achievement of Accell Group's objectives and strategy, on the basis of probability of occurrence and/or impact. Risks have been categorized as strategic, operational, financial and compliance risks. Social and environmental risks have been integrated in these categories with a view to integrated reporting. The following overview represents the key risks, including the mitigating measures, to which the Company is exposed. Some risks may only be listed once, while they may fit into more than one risk category.

MARKET: OFFLINE TO ONLINE

STRATEGIC RISK

Consumer purchasing behaviour is shifting from offline (traditional bike retail) to online, a trend that has been accelerated by COVID-19. There is a risk that Accell will lose market share as a result of changes in distribution channels.



Mitigation of the risk

Accell Group wants to ensure that its products are available via all channels, both offline and online:

- In 2021, we continued the roll-out of D2C platforms across regions.
- In addition to this, Accell Group strengthened partnerships with online players, both in bikes and the parts and accessories business.
- Selective distribution contracts mitigate the risk of channel and price conflicts.
- Where needed, Accell Group will also explore M&A as an opportunity to capture new business models and channels.
- Accell Group will drive strong availability in the offline channel through the dealer network and continue to roll-out click & collect across countries.

Further activities planned for 2022

- The mitigation actions of 2021 will be continued in 2022.

MARKET: COMPETITION

STRATEGIC RISK

The bicycle sector is marked by competition between existing providers and new providers entering the market. There is a risk that Accell Group is unable to respond effectively, leading to loss of market share.



Mitigation of the risk

Accell Group has identified various actions:

- Through market research and market visit reports, Accell Group spends a great deal of time gaining understanding of the latest trends. The outcome of this is used in a consistent and sharp positioning for our brands, which is visible through our brand portfolio (e.g. innovations) and brand communications (online and offline).
- Accell Group continues to invest in innovation to differentiate itself from the competition. Accell brands continue to win innovation awards.
- Availability, managed through the S&OP process, is a key enabler for Accell Group to drive sales and stay ahead of the competition.
- Our order portfolio remains strong.
- If necessary, Accell Group will also explore M&A as an opportunity to capture new segments and meet changed customer needs.

Further activities planned for 2022

- The mitigation actions of 2021 will be continued in 2022.

RISK APPETITE



EXTERNAL RISK TREND



PANDEMIC

STRATEGIC RISK

Impact of a (global) pandemic on the world economy, the (end) markets in which Accell Group is active and its business operations. The COVID-19 pandemic resulted in the implementation of significant measures by governments, including lockdowns, quarantines, travel bans, vaccinations and working from home intended to control the spread of the virus. The pandemic continues to cause a great deal of uncertainty from a supply perspective. High global demand leading to longer lead times and higher pricing in combination with logistical disruptions.



Mitigation of the risk

The measures include but are not limited to:

- The health, safety and well-being of our employees is and will remain our first priority. There are various preventive measures taken that support the well-being of our employees. This includes facilitating safe and ergonomic possibilities to work remotely.
- Strong financial position to respond to a possible downturn in activities. This includes sufficient headroom for working capital purposes.
- Performing scenario analyses including assessment of the financial impact on Accell Group, including the impact on turnover, gross margin, operating expenses and the impact on our net debt/EBITDA ratio agreed with our banks.
- Active involvement with our strategic suppliers and increase in stock for critical components.

Further activities planned for 2022

- Continuous effort to focus on the health, safety and well-being of our employees.
- Further strengthening Accell's financial position with a focus on working capital improvements.

PRODUCT LIABILITY

OPERATIONAL RISK

Defects in products may result in injuries to and claims from end users. These can result in financial damage and/or damage to the Company's reputation.



Mitigation of the risk

Accell Group takes great care to ensure the quality and safety of its products. Quality is embedded in the innovation teams as part of the design phase and is embedded at each factory and overseen by a Group quality director, who drives following actions:

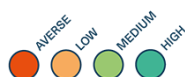
- The use of standards on quality and compliance across Accell Group and applied in product development, production and logistics.
- Test and control systems.
- Recall scenarios in place.
- Establishing a strong and centralized demand and contract management organization.
- Include a right to audit clause in supplier contracts and the possibility to conduct regular audits.
- Actively collecting feedback from dealers and consumers (also through newly implemented CRM tooling).
- Reporting through quality dashboarding (to among others the Board of Management).
- Accell Group continues to invest in its test capability and capacity.

In addition, Accell Group maintains close contacts with government bodies and advocacy groups to safeguard and improve the safety of bicycles. Accell Group has insurance policies in place to cover general, product and recall liability.

Further activities planned for 2022

- Extended testing plan during the production life cycle.
- Engage in supplier audits.

RISK APPETITE



EXTERNAL RISK TREND



DISPARITY BETWEEN AVAILABLE SUPPLY AND DEMAND

OPERATIONAL RISK

Given (increased) lead times in the bike business, in combination with model changes (innovations), there is a risk of shortages or surpluses of bike stock. Planning of supply has become more difficult, given longer lead times from suppliers (as a result of increase in global demand driven by the pandemic). This means there is a risk of over or undersupply of bikes, resulting in increased Trade Working Capital or loss of market share.



Mitigation of the risk

Accell Group uses seasonal production and sales plans and aims to continuously improve the predictability of its sales. This is based on the Sales and Operational Planning (S&OP) process. A review of the S&OP has taken place and an E2E planning improvement program has been launched. Accell has taken several steps to improve the S&OP process:

- Onboarding of new Group planning and procurement staff.
- Strategic S&OP process defined and validated.
- Further alignment between the Board of Management, Group management and regional management.
- Creation of planning communities.
- Main set of KPIs defined and validated.
- Implemented data harmonization.
- Selection of planning tool in 2022.

Further activities planned for 2022

- Implementation of improved planning tools & systems.
- Further develop the new ways of working.

CYBER RISKS

OPERATIONAL RISK

Failure to implement or update technologies, processes and practices designed to protect networks, computers, programmes and data from attack, damage, or unauthorized access.



Mitigation of the risk

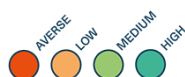
The measures include but are not limited to the following topics:

- Risk based security measures aimed at reducing the risks linked to current and new technologies.
- Extensive controls for (privileged) users to access applications and sensitive data.
- Disaster Recovery procedures and test for key systems.
- Accell Group introduced a gamified cybersecurity training that works by sending simulated phishing attacks. These teach employees how to avoid the traps that could potentially lead to cash or information losses.
- Accell Group started an external security review and this will continue in 2022, to highlight deficiencies and to create an action plan to mitigate these risks.

Further activities planned for 2022

- Increase resilience by further implementing business continuity and crisis management capabilities.
- Increase the capabilities to detect and mitigate risks in Accell's IT landscape.

RISK APPETITE



EXTERNAL RISK TREND



DISASTER RISKS

OPERATIONAL RISK

Accell Group evaluates its vulnerability, preparedness for and response to managing emerging and unforeseen disaster risks (including risk as a consequence of climate change) such as flooding and fire.



Mitigation of the risk

The measures include but are not limited to the following topics:

- Local disaster prevention plans are in place for each factory, consisting amongst other of fire protection measures, battery storage rooms, safety and evacuation training.
- An emergency sourcing plan is part of the day-to-day business and faces challenges due to the pandemic. Accell Group will continue to develop this plan across its factories, including paint shops and assembly facilities. This also entails supply restore timings and alternative usages of components within reasonable timeframes.
- Furthermore, Accell Group has set up a disaster recovery plan for all major IT disruptions in its primary data centre.
- Accell Group has insurance policies in place to cover property damage and business interruption and marine cargo risk.

Further activities planned for 2022

- Further measurement of the effectiveness of fire protection measures, battery storage rooms, safety and evacuation training including third party warehouses.
- As part of the above- mentioned disaster recovery plan, the full restore of back-ups are planned and will be tested.

CURRENCIES

FINANCIAL AND REPORTING RISK

The Company's turnover, profit and cash flow are subject to exchange rate fluctuations in (partly) non-functional currencies. This pertains regularly to the US dollar, the Taiwanese dollar, the British pound and also to the Turkish lira due to its strong depreciation in 2021, and to a lesser extent the Japanese yen and the Chinese yuan. Volatility of currencies puts pressure on profit margins.



Mitigation of the risk

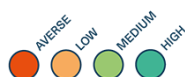
Accell Group seeks to minimize the impact of foreign exchange fluctuations:

- The foreign currency risk strategy is established in the Treasury policy including responsibilities, authorizations and reporting.
- Accell Group hedges 75%-100% of its forecast purchases in foreign currencies for one year ahead following a monthly rolling approach.
- Exchange rate risk that arises from the translation of net investments in currencies other than the euro is not hedged. Monetary assets and liabilities in the same currency are netted as much as possible.
- We overcome time differences between the settlement of forward transactions and sales and purchase contracts by using foreign currency bank accounts or by rolling over forward contracts.
- The average hedge rates approximate the average market rates.
- All derivatives used have an underlying economic basis. This principle is applied strictly to prevent potentially speculative positions.

Further activities planned for 2022

- The current risk mitigation actions are deemed sufficient and will be continued in 2022.

RISK APPETITE



EXTERNAL RISK TREND



FINANCING

FINANCIAL AND REPORTING RISK

The Company is financed through a syndicated loan facility provided by 6 international banks, which is used to cover the long-term financing need, absorb seasonal fluctuations in working capital and, to finance (smaller) acquisitions. There is a risk that the company will not be able to obtain the required financial resources or will be unable to obtain those resources in time to meet its financial obligations, which may endanger the going concern and growth of the Company.



Mitigation of the risk

Accell Group mitigates this risk with a long-term financing facility committed for several years:

- The facility is in line with the characteristics of the company and provides the financing parties with sufficient transparency and security.
- The conditions of the committed facility are explained in more detail in [section 9](#) of the notes to the financial statements of this annual report.
- Accell Group reviewed its loan facilities in early 2020, which led to a rebalancing between the term loan and the seasonal facility.
- Given the uncertainty and volatility at the start of the COVID-19 pandemic, Accell Group used scenario planning to identify liquidity risks. Additional liquidity (€ 115 million) was arranged in time to prevent any adverse risks to the Accell Group.
- The additional term loan of € 115 million was fully repaid in 2021, given the positive business development and a seasonal revolving credit facility was made available throughout the whole year.

Further activities planned for 2022

- The current risk mitigation actions are deemed sufficient for 2021 and will again be reassessed for 2022 and following years.

GDPR & DATA PROTECTION

COMPLIANCE RISK

Exposure of personal data or consumer data to unauthorized groups (internal or external) resulting in reputational damage, fines and loss of sales.



Mitigation of the risk

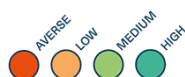
The executed risk mitigation measures include but are not limited to:

- An external review to highlight deficiencies and to create an action plan to mitigate these risks.
- Based on the outcome of the external review Accell Group started an improvement project of which the action plan is a part to mitigate these risks.
- Some improvements have already been made:
 - a DPO has been appointed (in January 2022).
 - country privacy ambassadors have been appointed.
 - some existing GDPR documents have been updated.

Further activities planned for 2022

- The improvement project will continue in 2022.
- Among other things an e-learning will be rolled out for awareness creation.
- Knowledge and awareness will be further rolled out in other countries via appointed country privacy ambassadors.

RISK APPETITE



EXTERNAL RISK TREND



NON-COMPLIANCE

COMPLIANCE RISK

Accell Group is committed to compliance with laws and regulations in the various countries in which it operates, as it can be held liable for the consequences of non-compliance. Changes in law and regulations could mean that products, services, policies and/or procedures are not adapted (or not adapted quickly enough) potentially exposing Accell Group to risks such as fines, sanctions and loss of customers, profits and reputation. Given Accell Group's multi-jurisdictional presence, the risk profile has increased since there is a mix of international laws and regulations, like for example import duties, anti-dumping rules, the UK Bribery Act, Trade Sanctions, Export Controls and Brexit that have to be monitored and complied with.



Mitigation of the risk

Accell Group has established policies and procedures aimed at compliance with applicable laws and regulations:

- We have a Code of Conduct that goes beyond the compliance within the legal and regulatory framework by providing guidance on behaviour.
- We adapt to local situations by building strong local entities and developing an appropriate approach to coping with dilemmas within the boundaries of applicable laws and responsible conduct.
- Management carries out regular reviews to identify risks and to ensure that adequate systems are in place to manage those risks. We analyse and assess changes in applicable laws and regulations and, when necessary, we make appropriate changes.

- We have laid down the basic rules for the directors of our companies in management regulations (last update effective 1 January 2019), pertaining to matters such as the mandatory involvement of the Board of Management in important decisions and documenting the authorization of the same.
- We have provided finance staff with guidelines and instructions, including controls, pertaining to the structure and maintenance of the financial administration and reporting systems. The guidelines and instructions comply with prevailing IFRS standards.
- Each year, the directors of Accell Group's local companies sign a Letter of Representation, a detailed statement pertaining to matters such as the integrity of their annual financial reports, the existence and functioning of their internal control systems and compliance with applicable laws and regulations, as well as the Accell Group Code of Conduct.

Further activities planned for 2022

- Embedding of the Code of Conduct into the organization, for example through live session for Management and roll-out of 3 refresher courses connected with the 2021 E-Learning.
- Implementation of Trade Sanctions and Embargoes Policy.
- Selection and implementation of screening tool.

RISK APPETITE



EXTERNAL RISK TREND





IN CONTROL STATEMENT

The Board of Management is responsible for the design and operation of the internal risk management and control systems. In discharging this responsibility and to provide substantiation for the statement below, the Board of Management has assessed the effectiveness of the design and operation of the internal control and risk management systems.

As a result of the management testing carried out in 2021, the regions and operating companies issue signed Letters/Documents of Representation to the Board of Management. The Board of Management has reviewed the Letters of Representation, along with reports from Internal Audit and the Board Report from the external auditor. It has assessed the effectiveness of the design and operation of the internal control framework and has discussed this with the Audit Committee and the Supervisory Board.

In 2021, no major failings (i.e. no failings which resulted in material losses or impact) in the design of implementation of the controls in the internal control and risk management systems were observed. In instances when a control did not operate as expected, areas for improvement were identified and remedial action plans were formalized, which plans will continue to be monitored during 2022.

Based on the information referred to above and its assessment, the Board of Management believes that:

1. The Annual Report provides sufficient insight into any failings in the effectiveness of the internal risk management and control systems.
2. The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies.
3. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis.
4. The Annual Report provides information on those material risks and uncertainties that are relevant to the expectation of the company's ability to continue as a going concern for a period of 12 months after the preparation of this Annual Report.

Responsibility statement

In accordance with article 5:25c, section 2 sub c, of the Financial Supervision Act, the Board of Management confirms, to the best of its knowledge, that:

- The consolidated financial statements as included in Financial Statements of this Annual Report provide a true and fair representation of the assets, liabilities, financial position and profit or loss of Accell Group N.V. and its consolidated companies.
- The Annual Report gives a true and fair view of the position on 31 December 2021, and the developments during the financial year of Accell Group N.V. and its group companies included in the consolidated financial statements; and
- The Annual Report includes a description of the main risks and uncertainties that Accell Group N.V. is facing.

The above statements are given on the basis that the internal risk management framework and internal control system are primarily designed to identify and control significant risks to which the company is exposed, taking into account the nature and scope of the organization. This does not imply that these systems and procedures provide assurance as to the realization of operational and strategic business objectives, nor that they can prevent material misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations.

Heerenveen, 3 March 2022

Board of Management

Ton Anbeek (CEO)
Ruben Baldew (CFO)
Francesca Gamboni (CSCO)

CORPORATE GOVERNANCE

Accell Group recognizes the importance of good corporate governance. The Board of Management and the Supervisory Board are responsible for the corporate governance structure of Accell Group and for compliance with the Dutch Corporate Governance Code (hereafter referred to as: "the Code"). This section of the Annual Report describes Accell Group's corporate governance structure.

GENERAL

Accell Group N.V. ("Accell Group" or "the Company") is a public limited liability company (Naamloze Vennootschap) under Dutch law, that applies a two-tier board structure comprising a Board of Management, composed of managing directors, and a Supervisory Board, composed of supervisory directors. The Supervisory Board supervises the Board of Management and ensures that external experience and knowledge is embedded in the Company's conduct. The two boards are independent of each other and are ultimately accountable to the General Meeting ("General Meeting"). Accell Group's corporate governance is laid down in the Company's articles of association and the Board of Management and Supervisory Board regulations, which can be found on our [website](#). The Company is listed and its ordinary shares are admitted to trading on Euronext Amsterdam.

BOARD OF MANAGEMENT

The Board of Management is charged with the day-to-day management and is responsible for the continuity of the Company and its affiliated enterprise, as well as for achieving its goals, objectives, strategy and results. The Board of Management is accountable to the Supervisory Board and the General Meeting. In the performance of its tasks, the Board of Management is guided by the Company's long-term value creation and considers the relevant stakeholder interests in this context. The Board of Management determines the strategy for realising the Company's long-term value creation and informs the Supervisory Board regarding the determination of this strategy in a timely manner.

The Board of Management is also responsible for the identification and management of the risks associated with the Company's strategy and activities. To this end, Accell Group has an internal risk management and control system. For more detailed information, please see section '[Risk Management](#)' of this Annual Report.

Certain significant resolutions of the Board of Management require the approval of the Supervisory Board. These include resolutions on major investments, the issuance of shares and the establishment and/or termination of long-term alliances with other companies. The General Meeting's approval is required for resolutions of the Board of Management that involve significant changes to the identity or character of the Company or its business.

On 21 April 2021, the General Meeting granted the Board of Management the authority to repurchase Accell Group shares for consideration. The authorisation was granted under the following conditions:

- The authorization would be valid for 18 months (starting on 22 April 2021).
- The Supervisory Board's prior approval is required for the acquisition.
- The number of shares shall never exceed 10% of the issued share capital at the time of acquisition.
- The acquisition price shall never exceed 110% of the average share price on the preceding five trading days.

The agenda for the General Meeting of 20 April 2022 includes a proposal to again grant the Board of Management the authority to acquire Accell Group shares under the same conditions as those set out above, such for a period of 18 months. If that authorization is granted, it will replace the authorization granted by the General Meeting of 21 April 2021.

Resolutions on the issuance of shares are adopted by the General Meeting, insofar as and if it has not been designated to another corporate body. The pre-emptive rights can be limited or excluded by the corporate body authorized to adopt resolutions on the issuance of shares, provided that said authorization is granted expressly to that corporate body. On 21 April 2021, a resolution of the General Meeting granted the Board of Management the authorization, for 18 months, starting on 22 April 2021, with the approval of the Supervisory Board, to:

- Issue ordinary shares up to a maximum of 10% of the ordinary shares outstanding at the time of the resolution or to grant or issue rights to such ordinary shares; and
- Limit or exclude pre-emptive rights upon the issuance of such (rights to) ordinary shares.

The agenda for the General Meeting of 20 April 2022 includes a proposal to grant this authorization again for another 18 months. If that authorization is granted, it will replace the authorization granted by the General Meeting on 21 April 2021.

The Board of Management represents the Company insofar as the law does not stipulate otherwise. Each member of the Board of Management also has the authority to represent the Company.

The Supervisory Board determines the number of the members of the Board of Management, appoints members of the Board of Management and also has the power to suspend and dismiss members of the Board of Management. The Supervisory Board will consult the General Meeting before any dismissal is effected.

Pursuant to the Code, members of the Board of Management are appointed for a maximum term of four years, and their contract is a service agreement (*"overeenkomst van opdracht"*). Their term of appointment ends after the conclusion of the first General Meeting, to be held in the fourth year after the year in which they were appointed. Members of the Board of Management can be re-appointed for an additional four-year period.

The members of the Board of Management jointly manage the Company and are in principle jointly and severally liable for such management. Subject to the approval of the Supervisory Board, each member of the Board of Management may have their personal and primary responsibilities. The Board of Management currently has

three members: Ton Anbeek (CEO), who was appointed Chairman of the Board of Management by the Supervisory Board, Ruben Baldew (CFO) and Francesca Gamboni (CSCO).

The operation of the Board of Management is subject to the Board of Management's rules of internal procedure, which outline in detail how the Board of Management operates and its relationship with the Supervisory Board, shareholders and the Works Council. These rules, which have been approved by the Supervisory Board, can be found on the Company's website (under '[Corporate Governance](#)').

Based on a proposal prepared by the Selection and Remuneration Committee, the Supervisory Board determines the remuneration of the individual members of the Board of Management, with due observance of the remuneration policy adopted by the General Meeting on 22 April 2020. The main elements of the contracts with members of the Board of Management are published on the Company's website in accordance with the Code. Each year, the Supervisory Board compiles a remuneration report, which contains an explanation of the remuneration of the individual members of the Board of Management.

The remuneration policy as adopted by the General Meeting on 22 April 2020 and the 2020 remuneration report are available on the Accell Group website (under '[Corporate Governance/Remuneration](#)'). The 2021 remuneration report for the Board of Management will be put on the agenda of the General Meeting of 20 April 2022 for an advisory vote.

The Company does not provide any personal loans or guarantees to members of the Board of Management, managers, or other employees. Accell Group has the usual indemnity and insurance arrangements with respect to normal company business, and these arrangements cover members of the Supervisory Board, the Board of Management, managers, and other employees.

SUPERVISORY BOARD

The Supervisory Board supervises and advises the Board of Management on the performance of its management tasks and supervises the overall development of the Company. In the performance of its tasks, the Supervisory Board is guided by the interests of Accell Group and its affiliated enterprise and takes into account the relevant stakeholder interests in this context. The members of the Supervisory Board regularly discuss the Company's long-term value creation strategy, its execution and the associated key risks, while paying specific attention to the effectiveness of the internal risk management and control systems and the integrity and quality of the Company's financial reporting. The Board of Management provides the Supervisory Board with all the information it requires to perform its tasks and does so in a timely manner.

In its periodic meetings with the Board of Management, the Supervisory Board discusses a number of subjects, including the general state of affairs, as well as financial reporting based on the operational plan for the year under review (half-yearly and annual reports, interim financial statements, balance sheets, income statements, cash flow statements and capital investments). The agenda also includes subjects such as major investments and/or divestments, management developments, human resources, the relationship with shareholders, the dividend proposal, the independent auditor's management letter and follow-up actions, involvement in setting the operational plan with the operational and financial goals for the next year and involvement in setting the long-term strategy at least every fifth year.

At least once a year, the Supervisory Board discusses the progress of the strategy and the principal risks connected to the business, the Board of Management's assessment of the organization and the operation of the internal risk management and control systems, as well as any significant changes to those systems.

The Supervisory Board has drawn up regulations, which include the distribution of its tasks and its operating methods. The regulations also include a section on its interaction with the Board of Management and the General Meeting. The current regulations were adopted by means of a resolution dated 4 March 2020. The regulations can be found on the Accell Group website (under '[Corporate Governance/Supervisory Board](#)').

The Supervisory Board is composed of at least three members. The General Meeting appoints the members of the Supervisory Board based on nominations drawn up by the Supervisory Board. The General Meeting can reject the nomination with an absolute majority of the votes cast, representing at least one-third of the issued share capital. If the nomination is rejected, the Supervisory Board shall draw up a new nomination. In the event that the General Meeting fails to appoint the nominee and also fails to reject the nomination, the Supervisory Board shall appoint said nominee. In the event of vacancies, the Supervisory Board announces the nominations simultaneously to the General Meeting and the Works Councils of Accell Nederland B.V. and Accell IT Services B.V. The General Meeting and the Works Councils are entitled to recommend nominees to the Supervisory Board for appointment as members of the Supervisory Board. The Supervisory Board will fill the nominations for one-third of the number of members of the Supervisory Board with persons recommended by the Works Councils acting jointly, unless the Supervisory Board objects to said recommendation and provides sound grounds for such objection.

A member of the Supervisory Board shall, in general, resign no later than on the day of the first General Meeting held four years after their appointment and immediately after the end of said meeting. A resigning member of the Supervisory Board may be reappointed immediately in accordance with the Company's articles of association and the internal regulations of the Supervisory Board.

The members of the Supervisory Board receive a remuneration to be determined by the General Meeting in accordance with the remuneration policy for the Supervisory Board as adopted by the General Meeting on 22 April 2020. The remuneration policy and the Supervisory Board's 2021 remuneration report are available on the Accell Group website (under '[Corporate Governance/Remuneration](#)') and will be put on the agenda of the General Meeting on 20 April 2022 for an advisory vote.

The Supervisory Board has drawn up a retirement schedule, which is published on the Accell Group website (under '[Corporate Governance/Supervisory Board](#)').

As from 21 April 2021 onwards, the Supervisory Board consists of five members and has appointed two

committees from its midst. The Audit Committee consists of Ms Daniëlle Jansen Heijtmajer (chair) and, Mr Luc Volatier (as from 1 January 2022). The Selection and Remuneration Committee currently comprises Mr Gert van de Weerdhof (chair), Mr Luc Volatier and Mr Rob ter Haar.

These committees are tasked with preparatory activities as part of the Supervisory Board's decision-making process. By means of a resolution dated 4 March 2020, the Supervisory Board established revised regulations for the Audit Committee and the Selection and Remuneration Committee. These regulations can be found on the website (under '[Corporate Governance/Supervisory Board](#)'). It is the task of the committees to support and advise the Supervisory Board with respect to the items that are under the committees' responsibility and to prepare the Supervisory Board's decisions regarding those items. The Supervisory Board as corporate body remains responsible for how it performs its tasks and for the preparatory work carried out by the committees. The committees submit reports on all their meetings to the Supervisory Board.

The Supervisory Board has drawn up a profile of its size and composition, taking into account the nature, size and operations of Accell Group and the desired expertise and background of the members of the Supervisory Board. The profile that was established in 2011 and updated in September 2020 can be found on the Accell Group website (under '[Corporate Governance/Supervisory Board](#)'). The profile was presented to the General Meeting (for information purposes) on 21 April 2021.

The Supervisory Board has appointed from its midst a chair and a vice-chair, and is assisted by a Company Secretary. The Supervisory Board aims to align the experience and expertise of its members effectively with the nature, activities and strategy of Accell Group. The Supervisory Board's composition is such that the members can operate independently and critically, vis-à-vis each other, the Board of Management and any Company interest whatsoever. The Company has established an introduction programme for persons appointed to the Supervisory Board.

COMPOSITION BOARD OF MANAGEMENT AND SUPERVISORY BOARD

The Board of Management and Supervisory Board are composed in such a way that the required expertise, background, and competencies are independently represented to ensure it can fulfil its tasks effectively. With respect to the distribution of seats on the Board of Management and Supervisory Board, the Supervisory Board strives for diversity in terms of education, professional experience, age and gender.

The profile for the Supervisory Board includes requirements relating to diversity and inclusion. Besides gender, diversity in background, nationality, expertise and experience are all equally important to maximizing value in the Supervisory Board. These diversity requirements, and the requirements of new Dutch legislation as of 1 January 2022 (which introduces a quota for Supervisory Board membership of at least one-third for both women and men) will be taken into account in the search for new Supervisory Board members. Since 2021, the Supervisory Board includes two female members out of a total of five members. The Company hereby already meets the quota requirements of the new legislation. The Supervisory Board also resolved that the diversity and inclusion requirements defined in the profile for the Supervisory Board will apply equally to the Board of Management.

The appointment of Ms Francesca Gamboni to the Board of Management as from 1 February 2022, results in a Board of Management membership which is in line with our diversity and inclusion targets. This is not limited to gender participation but also takes into account background, nationality, expertise and experience. The two new appointments to the Supervisory Board in 2021 and the appointment of Ms Gamboni to the Board of Management early 2022 increased the diversity of both Board of Management and Supervisory Board considerably. Both bodies can now be considered to be commensurate with the latest legislation and with our own internal diversity and inclusion policy.

In 2020, the Company launched a Diversity & Inclusion policy, which can be found on our website, with the CEO taking the lead as sponsor. A group-wide programme embedding diversity and inclusion is established and parts were already launched in 2021. In accordance with new legislation as of 1 January 2022 setting balance targets for board and senior management level, the Company sets

the target for gender participation in 2025 to have at least 30 per cent female members in the most senior leadership team, which currently counts approximately 80 members, 18 of which are female. Besides gender, diversity in background, nationality, expertise, and experience are also important aspects. Accell Group will increase its attention to women in our management development programmes, to ensure that the increase in the number of women in senior management positions is warranted. In addition, external recruitment agencies will be instructed to identify capable female candidates for senior management positions. Finally, the Company will give preference to women in the event of equal suitability. Notwithstanding the above, it should be noted that, especially at executive level, achieving the gender target is proving to be difficult due to the nature of our business and the lack of female candidates with sufficient management experience in our industry. It is therefore difficult to predict when we are likely to achieve this target.

GENERAL MEETING

Key powers, such as powers regarding resolutions to amend the articles of association, substantial legal mergers and/or spin-offs that change the character of the Company, and the adoption of the annual accounts, reside with the General Meeting. In addition, the General Meeting adopts the remuneration policy for the members of the Board of Management and Supervisory Board and sets the remuneration for the Supervisory Board. The dividend policy and discharge of the Board of Management and Supervisory Board are also regular items on the agenda of the General Meeting. Accell Group provides shareholders with reports on shareholders' meetings, as stipulated in the Code. Within 15 calendar days after each General Meeting, the results of the votes per agenda item are published on the Company's website. A General Meeting is convened at least once a year and is chaired by the chairman of the Supervisory Board.

Accell Group considers it important that as many shareholders as possible participate in the decision-making processes of the General Meeting and those entitled to vote are therefore given the opportunity to appoint proxies or to extend voting instructions ahead of the General Meeting. The engagement of many shareholders, participation in the decision-making process and the level of attendance at the General Meetings in recent years ensure that the corporate governance

system operates effectively. At the General Meeting held on 21 April 2021, which was held by means of a webcast without shareholders being present, given the COVID-19 restrictions that were in place, 63.35% of the total number of issued shares was either present or represented.

FINANCIAL REPORTING, THE EXTERNAL AND INTERNAL AUDITOR

The Board of Management is responsible for the quality and completeness of the financial reports that are published. Before being presented to the General Meeting for adoption, annual financial statements as prepared by the Board of Management must be examined by an external certified public auditor.

The General Meeting has the authority to appoint the external independent auditor. The Supervisory Board nominates the auditor for (re-)appointment by the General Meeting once a year, taking into account the advice of the Audit Committee, while giving due consideration to the Board of Management's considerations. The external auditor attends all Audit Committee meetings and the meetings of the Supervisory Board in which the annual financial statements are to be approved and in which the year-end report of the external auditor is discussed. Prior to publication, the external independent auditor reports its findings related to the audit of the annual accounts simultaneously to the Board of Management and the Supervisory Board and records the results of its findings in a statement. During the General Meeting, the external auditor will be present and may be questioned about its statement regarding the true and fair nature of the financial statements.

KPMG Accountants N.V. has been nominated and appointed as the external independent auditor for Accell Group since 2016 and up to and including the financial year 2022. The Supervisory Board has put forward KPMG Accountants N.V. for reappointment as external auditor for the financial year 2023 on the agenda for the General Meeting of 20 April 2022.

Accell Group has an internal audit function, which operates under the responsibility of the Board of Management, with lines to the CEO, CFO, and the Audit Committee. The role of the internal audit function is to assess the design and the operation of the internal risk management and control systems. The scope of the internal audit function's work is regulated in an Internal

Audit Charter. In line with the Code both the appointment and dismissal of the Head of Internal Audit shall be submitted to the full Supervisory Board for approval, with a recommendation issued by the Audit Committee. In line with the Code, the Board of Management and the Audit Committee are involved in the preparation and approval of the annual internal audit plan, which is submitted to the Board of Management and Supervisory Board for approval. Internal Audit reports are discussed with the Audit Committee in the presence of the external auditor.

CODE OF CONDUCT

The Board of Management established a new and broadened internal Code of Conduct in 2021. This Code of Conduct incorporates the desired conduct expected of everyone within Accell Group every day. The Code of Conduct also includes instructions and recommendations on how employees should conduct themselves in certain specific situations. The full text of the internal Code of Conduct is available on the Accell Group website (under '[Corporate Governance](#)').

Accell Group has laid down its requirements for suppliers and other parties involved in the production and sourcing process in a separate code of conduct. These requirements relate to issues including the prohibition of child labour, involuntary labour and discrimination, safety requirements, environmental requirements, and labour conditions. The Code of Conduct for suppliers is available on the Accell Group website (under '[Corporate Governance](#)').

WHISTLE-BLOWER REGULATIONS

The Board of Management has established whistle-blower regulations, an internal compliance committee and an internal investigation procedure; in 2020, a whistle-blower line operated by an external professional party became operational, so whistle-blowers can (anonymously) report alleged irregularities without harming their legal position. Relevant documents can be found on the Accell Group website (under '[Corporate Governance](#)').

INSIDER TRADING REGULATION

The Insider Trading Regulation established by the Board of Management aims to provide rules to support the legal provisions aimed at preventing insider trading. The basic premise of the Insider Trading Regulation is that people should not execute or recommend transactions in Accell Group shares and other Accell Group financial

instruments if they are in possession of inside information, such in accordance with Regulation (EU) no. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (Market Abuse Regulation).

Pursuant to the Insider Trading Regulation, persons with a reporting obligation (including members of the Board of Management and the Supervisory Board) and the so-called designated persons at Accell Group are subject to various closed trading periods, announced by the Compliance Officer, in which they are not allowed to conduct any transactions, regardless of whether they are in possession of inside information or not. In line with the Insider Trading Regulation, persons with a reporting obligation and designated persons must report any transactions they have executed to the Compliance Officer. Those with a reporting obligation must also report their transactions to the Dutch Financial Markets Authority (AFM).

On 12 December 2014, the Supervisory Board established a regulation that includes several provisions related to the possession of and transactions in securities by members of the Board of Management and of the Supervisory Board, other than those issued by their 'own' Company. This is the regulation referred to in the last sentence of best practice provision 2.7.2 of the Code.

TRANSACTIONS INVOLVING POTENTIAL CONFLICTS OF INTEREST

Any form of appearance of conflicting interests between the Company and members of the Board of Management and/or Supervisory Board members must be avoided. Decisions to enter into transactions that might lead to a conflict of interest on the part of a member of the Board of Management and that are of material importance to the Company and/or the member of the Board of Management in question must be approved by the Supervisory Board.

In the financial year 2021, there were no transactions involving a conflict of interest with members of the Board of Management or the Supervisory Board or with majority shareholders as provided for in best practice provisions 2.7.4 and 2.7.5 of the Code.

The Supervisory Board regulations include rules on how to deal with (potential) conflicts of interest involving members of the Board of Management or the Supervisory Board and the external auditor in relation to Accell Group and stipulate which transactions require the approval of the Supervisory Board.

PROTECTIVE MEASURES

The Supervisory Board will be involved closely and in a timely fashion in the process related to any offer for shares in the Company, and the Board of Management and the Supervisory Board will immediately discuss any request from a potential bidder to examine Company information.

With regard to the protection against undesirable developments that might affect the independence, continuity and/or identity of the Accell Group and its affiliated enterprise, the Company has the option to issue cumulative preference shares B. A call option has been granted to the Stichting Preferente Aandelen Accell Group for those cumulative preference shares B.

MORE INFORMATION

For more detailed information regarding these protective measures, see section [Stichting Preferente Aandelen Accell Group](#).



COMPLIANCE WITH THE CODE

Accell Group is committed to the principles of corporate governance, and constantly seeks to enhance its corporate governance standards and framework. In 2021, Accell Group reviewed the principles and best practices of the Code and has, where feasible and relevant, implemented further improvements.

There is one best practice provision (2.3.2) that, contrary to 2020, is now “explained”: Since April 2021 the Supervisory Board has expanded from four into five members; to our view the combination of the duties of the Remuneration, Selection and Appointment committees into one Committee (instead of two committees) is still in the best interest of the Company, given the scale of the Company and the scope of the activities of the Committee. Next to this the full Supervisory Board always decides on (re-)appointments. During 2021 this Committee further improved the internal processes and intensified their way of working, in order to safeguard compliance with its duties.

With respect to best practice provisions 2.1.5 and 2.1.6 (describing the existence of a diversity policy, as well as accountability on diversity), in 2020 a Diversity & Inclusion policy was drafted and in 2021 Accell Group took further steps by establishing a Group-wide programme to achieve the Company’s Diversity & Inclusion ambition.

Taking the above into account, Accell Group applied all principles and best practices of the Code throughout the year (insofar as these are applicable to Accell Group).

DECREE ARTICLE 10 OF THE TAKEOVER DIRECTIVE

The following information and explanations relate to the provisions of the Decree of 5 April 2006 implementing article 10 of Directive number 2004/25/EC of the European Parliament and the Council of the European Union dated 21 April 2004 and last revised on 13 October 2015:

CAPITAL STRUCTURE

Accell Group’s authorized share capital amounts to € 1,200,000 divided into 120,000,000 shares with a nominal value of € 0.01 each, divided into 55,000,000 ordinary shares, 5,000,000 cumulative preference shares F, and

60,000,000 cumulative preference shares B. As of 3 March 2022, the issued and paid-up capital of Accell Group amounted to € 268,366.19, divided into 26,836,619 ordinary shares with a nominal value of € 0.01 each. Only ordinary shares have been issued. The ordinary shares are traded on the Euronext Amsterdam stock exchange. The rights attached to the shares into which Accell Group’s capital is divided follow from the articles of association and the Dutch Civil Code.

There is no difference in the voting rights attached to an ordinary share, a cumulative preference share F and a cumulative preference share B. As all shares have the same nominal value (€ 0.01), every issued and outstanding share of a class gives the right to cast one (1) vote in the General Meeting and to cast one (1) vote in the meeting of holders of that specific class. Ordinary shares and cumulative preference shares F may only be issued against payment in full. Preference shares B may be issued against partial payment. Holders of ordinary shares and holders of cumulative preference shares F do have a pre-emptive right in respect of new ordinary shares and new cumulative preference shares F to be issued, unless restricted or excluded pursuant to a resolution of the competent corporate body. Holders of ordinary shares and holders of cumulative preference shares F do not have a pre-emptive right in respect of new cumulative preference shares B to be issued. Holders of preference shares B do not have a pre-emptive right in respect of shares to be issued. The relevant financial rights attached to the shares are related to the application of the profits in relation to the classes of cumulative preference shares (if issued). A brief summary of that article is provided in the following sub-section.

A BRIEF SUMMARY OF ARTICLE 25 OF THE ARTICLES OF ASSOCIATION

From the profit realized in any financial year (and if there is not enough profit, as far as possible from the distributable

reserves), an amount will first be distributed on the cumulative preference shares B. That amount will be 3.5% above the average refinancing interest determined by the European Central Bank for the past year.

Subsequently, if possible, a dividend will be distributed on the cumulative preference shares F of a certain series, equal to the arithmetic average of the effective return on government bonds.

After the distributions referred to above on shares B and/or F, the Board of Management shall determine, with the approval of the Supervisory Board, what part of the profit will be added to the reserves. The part of the profit that remains thereafter is at the disposal of the General Meeting.

LIMITS ON THE TRANSFER OF SHARES

Accell Group has no statutory or contractual limitation on the transfer of shares, with the exception of the statutory blocking provision with respect to the transfer of cumulative preference shares F. According to the articles of association, the transfer of cumulative preference shares F requires the approval of the Board of Management.

SUBSTANTIAL INTERESTS

An overview of substantial interests in the equity of Accell Group, which have at the time of preparing this management report been reported under the provisions related to the reporting of controlling interests under the disclosure of the Dutch Financial Supervision Act, is included in section [the Accell Share](#).

SPECIAL CONTROL RIGHTS

Since 2008 a long-term incentive plan based on performance shares has been introduced for the members of the Management Board. Early 2020, a long-term incentive plan was introduced for senior executive positions below the Management Board; that plan currently applies to approx. 25 employees. Accell Group does not have any other employee share or employee option plans.

Accell Group has not issued any shares with special controlling rights.

VOTING RIGHTS

There are no limitations or terms on the execution of the voting rights attached to ordinary shares. There are no

depository receipts for shares issued with the cooperation of Accell Group.

SHAREHOLDERS' AGREEMENTS

Accell Group is not aware of any agreements involving a shareholder of Accell Group that may limit the transfer of shares or that may limit the voting rights.

APPOINTMENT AND DISMISSAL OF MEMBERS OF THE SUPERVISORY BOARD AND MEMBERS OF THE BOARD OF MANAGEMENT AND AMENDMENT OF THE ARTICLES OF ASSOCIATION

The General Meeting appoints the members of the Supervisory Board, based on a recommendation from the Supervisory Board. The Supervisory Board appoints the members of the Board of Management. A more detailed explanation of the appointment and dismissal of members of the Board of Management and the Supervisory Board can be found in the Company's articles of association. Resolutions to amend the articles of association and to dissolve the Company may only be adopted by the General Meeting pursuant to a proposal of the Board of Management and are subject to the approval of the Supervisory Board. Resolutions of the General Meeting to amend the articles of association and to dissolve the Company may be taken with a majority of the votes cast, but if less than half of the issued capital is represented the resolutions have to be taken with a majority of at least two-thirds of the votes cast.

POWERS OF THE BOARD OF MANAGEMENT

The Company is managed by the Board of Management. The Board of Management's powers are those arising from legislation and regulations. See the Board of Management rules for a more detailed description of duties. Resolutions on the issuance of shares are adopted by the General Meeting, insofar as and if it has not designated another corporate body. The corporate body authorized to adopt resolutions on the issuance of shares may limit or exclude the pre-emptive rights, provided that said authorization is granted expressly to that corporate body.

On 21 April 2021, a resolution of the General Meeting extended to 22 October 2022 the period during which the

Board of Management is authorized, with the approval of the Supervisory Board, to: (i) issue ordinary shares up to a maximum of 10% of the outstanding share capital, and (ii)

limit or exclude pre-emptive rights upon the issuance of ordinary shares. See also the section Corporate Governance of this report.

On 21 April 2021, the General Meeting granted the Board of Management the authority to repurchase Accell Group shares. The authorization was granted under the following conditions: (i) the authorization would be valid for 18 months (until 22 October 2021), (ii) the Supervisory Board's approval would be required for the acquisition of Accell Group shares, (iii) the number of shares would not exceed 10% of the issued share capital and (iv) the acquisition price would not exceed 110% of the average share price on the preceding five trading days.

See also the section Corporate Governance of this report. Resolutions to amend the Articles of Association, or to dissolve the Company may only be passed by the General Meeting on the basis of a proposal put forward by the Board of Management and approved by the Supervisory Board.

CHANGE OF CONTROL PROVISIONS IN SIGNIFICANT AGREEMENTS

Accell Group differentiates the following categories of agreements, as referred to in the Decree on Article 10 of the EU Takeover Directive:

- Accell Group has a financing agreement with a syndicate of banks. See for further details section 9.1.1 of the financial statements. The financing agreement stipulates that in the event of a change of control the lenders have the right to terminate the agreement and to reclaim the loans issued prematurely in the event of a substantial change in the control over the Company following a public bid as meant in article 5:70 of the Dutch Financial Supervision Act.
- Accell Group and its subsidiaries have entered into various agreements that contain clauses that in the event of a change of control the other party has the right to terminate the agreement. These agreements are in themselves not considered key agreements within the meaning of the Decree on Article 10 of the Takeover Directive, but jointly they may be considered significant.
- The terms and conditions of the conditional performance share plan stipulate that, upon the occurrence of a change of control, the Supervisory Board may decide to accelerate the vesting of the conditional performance shares on a pro rata basis,

both in terms of time and performance. However, the Supervisory Board is also authorized to withdraw conditional and unconditional performance shares in exchange for a cash payment at market value.

- Accell Group is not aware of any agreements with members of the Board of Management that provide for a payment in the event that the employment is terminated following a public bid as meant in article 5:70 of the Dutch Financial Supervision Act.

TAX AND REGULATIONS

Accell Group regards taxation as an integral part of its business and as an important contribution to Accell Group's position in business and society. Accell Group's attitude towards taxation is reflected in its vision 'corporate social responsibility at the heart of everything we do'. Accell Group takes a long-term view and carefully weighs the interest of all stakeholders. To clarify what this means in practice, Accell Group has developed a Tax Policy via a set of tax principles and tax guidelines. Below you will find a description of Accell Group's tax principles.

ACCELL GROUP'S TAX PRINCIPLES

- Accell Group pays taxes in a timely manner and in accordance with all applicable laws and regulations. Accell Group is guided by international standards, such as the OECD Guidelines. Accell Group takes into account both the letter and the spirit of tax laws and regulations.
- Tax is an integral part of doing business. Taxes should follow business and profits are therefore allocated to the countries in which business value is created. Accell Group applies the at arm's length principle when calculating transfer prices. Accell Group does not use contrived or abnormal tax structures that are aimed at tax avoidance.
- Tax is one of the elements Accell Group takes into account in its commercial and economic activities.
- Wherever Accell Group operates, Accell Group seeks to establish and maintain an open and constructive dialogue with tax authorities and other government bodies, based on the disclosure of all relevant facts and circumstances. If necessary, Accell Group discusses important fiscal aspects with the tax authorities in an open and transparent manner.
- Accell Group seeks a competitive, stable, sustainable and explainable effective corporate tax rate and will when possible optimize the tax efficiency of its corporate structure. However, in doing so, due consideration needs to be given to Accell Group's legitimate interests, reputation, brand, and corporate social responsibility. Any optimization will only be based on opportunities provided by law or case law and any tax planning will be discussed in an open and transparent manner with the relevant tax authorities.
- Accell Group takes a prudent approach with respect to the tax charge in its financial statements.
- Accell Group is transparent about its approach to tax and its tax position. Disclosures are made in accordance with the relevant domestic regulations, as well as applicable reporting requirements and standards, such as IFRS.

CORPORATE INCOME TAX (CIT) BY REGION IN 2021

In thousands of euro

	The Netherlands	Germany	Other Europe	Other World	TOTAL
CIT to be paid (received) 1 January 2021	(2,431)	2,238	1,648	97	1,552
CIT paid (received) in 2021	306	(7,940)	(2,691)	(87)	(10,412)
CIT to be paid (received) 31 December 2021	(1,405)	8,266	1,502	261	8,624

STICHTING PREFERENTE AANDELEN ACCELL GROUP

Stichting Preferente Aandelen Accell Group (the Accell Group preference share trust, a Dutch foundation) has its registered office in Heerenveen and its goal is to protect the interests of Accell Group N.V., hereinafter also referred to as the Company, its associated enterprise, including the enterprises maintained by the companies with which it forms a group and all persons involved therein. In the performance of its task, Stichting Preferente Aandelen Accell Group shall do its utmost to safeguard the interests of Accell Group N.V. and its associated enterprise and any parties involved therein, while at the same time doing its utmost to resist any influences that might affect the independence and/or the continuity and/or the identity of the Company and its associated enterprise in conflict with those interests.

To protect the continuity of (the strategy of) Accell Group and its stakeholders, Accell Group N.V. entered into an option agreement with Stichting Preferente Aandelen Accell Group in May 2015. This agreement replaced the previous option agreement dating from December 1998, which was later amended in 2009.

Pursuant to the option agreement, Stichting Preferente Aandelen Accell Group shall have the right at any time to acquire such a number of cumulative preference shares B as is required to make Stichting Preferente Aandelen Accell Group, after the acquisition of said shares, the holder of one half, less one share, of the (increased) issued share capital (following the issue of shares). Stichting Preferente Aandelen Accell Group can exercise this right at any time (again and again) - partially or entirely up to the aforementioned maximum - if in its opinion the independence and/or the identity and/or the continuity of (the strategy of) the Company, its associated enterprise and any parties involved therein is threatened.

The option can be exercised, among other things, (1) to prevent or delay (the threat of) a public bid on the shares in the share capital of the Company that is deemed hostile, and/or (2) to prevent or oppose an unwanted concentration of voting rights in the General Meeting of Shareholders, and/or (3) to resist any unwanted influence or pressure from shareholders who wish to change the strategy of the Board of Management.

In these cases, the issue of cumulative preference shares B enables the Company, the Board of Management and the Supervisory Board to determine their standpoint vis-à-vis the bidder/hostile shareholder and any plans they may have, to investigate alternatives and to defend the interests of the Company and those of its stakeholders.

Within six months after any issue of cumulative preference shares B, the Board of Management shall convene a General Meeting to inform the shareholders regarding the current status and discuss the same with them.

Pursuant to article 2:346 section 1 sub e of the Dutch Civil Code, the Company has granted the Stichting Preferente Aandelen Accell Group the authority to submit a written request to the Enterprise Chamber of the Amsterdam Court of Appeal to initiate an inquiry into the policy and the general affairs of the Company, within the meaning of article 2:345 of the Dutch Civil Code.

The board of Stichting Preferente Aandelen Accell Group comprises three members, namely Mr M.P. (Marco) Nieuwe Weme (Chairman), Mr B. (Bart) van der Meer, and Mr A.J.M. (Naud) van der Ven.

In the opinion of the Company and in the opinion of Stichting Preferente Aandelen Accell Group, Stichting Preferente Aandelen Accell Group is independent from the Company within the meaning of article 5:71 section 1 sub c of the Dutch Financial Supervision Act (*in Dutch: Wet op het financieel toezicht*).

For further information please visit the website of Stichting Preferente Aandelen Accell Group: stichtingpreferenteaandelenaccellgroup.com

**A CONVERSATION WITH KEVIN MAYNE,
CHIEF EXECUTIVE OFFICER OF CYCLING INDUSTRIES EUROPE**

CITY DWELLERS AND THEIR GOVERNMENTS EMBRACE THE BICYCLE

Since the pandemic disrupted our daily lives, many of us crave a “new normality”. It’s highly likely that the bicycle will play a prominent role in that concept. Bike demand increased among urban dwellers in 2021, and city officials invested in infrastructure and modified traffic rules to give bikes more room for manoeuvre. How can bicycle manufacturers contribute to this “green mobility wave”? Is there an explanation for the great attraction which bikes have suddenly gained? And which obstacles can cities remove in order to stimulate bicycle use? Kevin Mayne, Chief Executive Officer of Cycling Industries Europe, the advocacy group for European bicycle manufacturers, looks back at an extraordinary year.

MAYNE’S RESPONSIBILITIES INCLUDE MONITORING EUROPEAN URBAN DEVELOPMENTS IN TERMS OF OPPORTUNITIES FOR BICYCLE MANUFACTURERS. HOW CAN THE CYCLING INDUSTRY, INCLUDING ACCELL GROUP, BETTER SUPPORT CITIES IN ORDER TO STIMULATE CYCLING?

“I see three key issues. First, we only see a limited amount of relevant contact between bicycle manufacturers and local governments. We do not seem to be able to get a foot in the door at city authorities in contrast to environmental organizations and other non-governmental organizations (NGOs), for example. That’s unfortunate, because bicycle companies are very interesting partners for local government. On the one hand, their factories and warehouses represent an economic interest, on the other they have social and political value because they play an important role in sustainable mobility for cities, towns and villages. Cycling Industries Europe does a lot of “connecting” in Brussels, and companies could initiate more intensively this type of contact within their own local networks.



Kevin Mayne: “Cycling plays an important role in this livable city transition.”



"Second, manufacturers could draw more attention to the benefits of cycling among city residents. Despite the fact that the products have developed at a high pace, with e-bikes and cargo bikes being notable examples, the perception of the bicycle is little changed for a lot of people. In many European cities, excluding the Netherlands and Denmark which are traditional cycling countries, people see cycling as primarily a leisure and sport activity. There are tens of millions of potential new "slow cyclists" in Europe who don't know about the new possibilities. These people still can't believe that cycling is now a serious option for them. We have to do our best to convince them it really is. Our sector, together with dealers and retailers, has the noble task of taking the general public by the hand during this transition. There are already encouraging first signs of a broadening of bike usage in a several cities in Southern and Eastern Europe, for example.

"And thirdly, walk the talk. Be a cycling-friendly employer and stimulate cycling among your employees, who can be your best ambassadors. This doesn't happen enough at the moment. Employees who are cycling advocates experience more pleasure in their work, and they also wholeheartedly promote the product which they create. That helps develop a local community of bike-lovers which spreads the use and positive experience of the bicycle like wildfire."

WHY ARE EUROPEAN CITIES NOW PREPARED TO STIMULATE BICYCLE USE ON A LARGE SCALE?

"To be honest, I don't see any other solution. After 50 years of air pollution from fossil fuels we are burdened by an immense climate problem. In addition, the number of traffic accident fatalities which regrettably occur every year, particularly among older adults and young children, is simply unacceptable. Congestion, road safety, air quality: cities can no longer delay, they must intervene. And the great thing is that the measures which they have to take have a positive effect on many inhabitants. The city becomes cleaner, less busy and therefore more livable. This creates more space and more social interaction. In short, cities improve thanks to bikes, and cycling plays an important role in this livable city transition. An increasing number of city officials see that they can have a social and environmental impact by stimulating cycling."

WHICH BARRIERS NEED TO BE OVERCOME IN ORDER TO PERSUADE MORE PEOPLE TO RIDE BIKES?

"Our research shows that safety is the biggest obstacle. There are cyclists who have the guts to mix with the raw urban traffic, where the only the law of the metal jungle rules: that of motorized vehicles. But a large group of potential new slow bikers which is perhaps considering getting on a bicycle, has a big problem with that.

‘CONGESTION, ROAD SAFETY, AIR QUALITY: CITIES CAN NO LONGER DELAY, THEY MUST INTERVENE’

Kevin Mayne



E-bikes are a partial solution to another problem: that of unfit citizens, but they certainly don't reduce the fear of accidents. People need to be stimulated by improvements to cycling traffic infrastructure, among other things.

“The perception of vulnerability is incidentally less easy to remove than it might seem, especially if you look at it through the lens of Dutch cycling DNA. The less experience and trust a cyclist has, the higher the chance that something will go wrong. It is a question of slowly building experience and allowing people to gain the trust that they can rely on a safe, bike-friendly infrastructure. If we want to emulate the example of the Netherlands, where there are cycle lanes alongside every main road, it could take years. A faster alternative is to change traffic rules, such as creating cycling-only streets or traffic-restricted city centres. During the pandemic, streets in cities such as Paris, Barcelona, Milan, Athens and Brussels were closed to motorized traffic, and space was given to cyclists without major interventions and investments. The pandemic has in that sense unleashed a minor revolution: city officials dare to take more initiative, supported by a growing constituency.

“In addition to safety and physical fitness, there are other smaller barriers which prevent city dwellers from buying bikes. In many instances there are no facilities to store bikes securely and out of the rain. The chance of theft also prevents people from buying a bike. Bike-sharing can serve as a good alternative to ownership. But traffic safety is right at the top of the list of priorities, the rest follows afterwards.”

FINALLY, A LAST TIP FOR THE INDUSTRY?

“Naturally, manufacturers do this already, but I would like to emphasize it once more: look more explicitly from the perception of a new customer. It's easy to make a bike for a customer you already have. You know what they want. But the real challenge is to convince and attract new bike riders. What are the obstacles which keep them from walking into a bike store? Why might they buy a bike: to go to school, to work, as a leisure pursuit or to go shopping in the city centre? The momentum is here right now: we have massive opportunities to persuade people to jump on a bike.”

SUPERVISORY BOARD REPORT

It is our pleasure to present the report of the Supervisory Board for 2021, which provides an overview of our activities over the past 12 months.

COMPOSITION OF THE SUPERVISORY BOARD



FROM LEFT TO RIGHT:

Rob ter Haar

Luc Volatier

Daniëlle Jansen Heijtmajer

Gert van de Weerdhof

Eugenie van Wiechen



ROB TER HAAR

(1950) CHAIRMAN

Mr Ter Haar (Dutch) was appointed to the Supervisory Board and as Chairman on 24 April 2019. Rob ter Haar has ample experience as a non-executive board member with companies in the Netherlands and abroad. He served as a member of the supervisory boards of companies including FrieslandCampina, Univar, Maxeda and Sperwer, and was chairman of the supervisory boards of Unibail-Rodamco, Parcom, Mediq and VvAA. Previously, he was CEO of Hagemeyer and De Boer Unigro. Mr Ter Haar started his career with Procter & Gamble in marketing and was appointed general manager at Mölnlycke and SaraLee | D.E. He currently holds supervisory or advisory positions with a number of non-listed companies and foundations. His term of office runs until the General Meeting due to be held in the spring of 2023.

GERT VAN DE WEERDHOF

(1966) VICE-CHAIRMAN

Mr Van de Weerdhof (Dutch) was appointed to the Supervisory Board on 25 April 2018. Since 2017, he has been a member of the supervisory board of Sligro N.V. and serves as an independent non-executive director at Safestore Ltd. In the period 2013-2016, Mr van de Weerdhof was CEO of RFS Holland Holding / Wehkamp B.V. and between 1992 and 2013 he held various general management, marketing and sales positions at Esprit B.V., Pearle Europe B.V., PepsiCo International and Procter & Gamble Benelux N.V. Mr van de Weerdhof holds the position as CEO of Mercy Ships International (Garden Valley, US) since 2021. Mr van de Weerdhof was appointed for a term of four years. His term of office runs until the General Meeting due to be held in the spring of 2022.

DANIËLLE JANSEN HEIJTMAJER

(1960)

Ms Jansen Heijtmajer (Dutch) was appointed to the Supervisory Board on 25 April 2018. Since 2014, she has been with FrieslandCampina, where she currently holds the position of Global Process Director finance, shared services, enterprise risk management & internal control, and real estate. Prior to this, Ms Jansen Heijtmajer spent 23 years in various finance positions at Shell, including Vice President Group Pensions, in countries including the UK and the US. In addition to her membership of the

Supervisory Board of Accell Group and Chair of the Audit Committee, Ms Jansen Heijtmajer also chairs the supervisory board of Aegon Nederland and the audit committee of Uber Payments BV. She is also a member of the EMFC curatorium of Amsterdam Business School. Ms Jansen Heijtmajer qualifies as an expert in the field of financial reporting and the auditing of financial statements as stipulated in article 2, section 3 of the decree establishing audit committees (Besluit instelling auditcommissie). Ms Jansen Heijtmajer was appointed for a term of four years. Her term runs until the General Meeting due to be held in the spring of 2022.

LUC VOLATIER

(1968)

Mr Luc Volatier (French) was appointed to the Supervisory Board on 21 April 2021.

Mr Volatier started his professional career in 1990 at Danone where he held multiple R&D, procurement, and supply chain positions both in Europe and Asia. He pursued his career at Numico (2003-2008) and GrandVision (2009-2012). In 2012, Mr Volatier became EVP Operations and R&D and Member of the Executive Committee at Jacobs Douwe Egberts, a position he held until 2019. The most recent position Mr Volatier held was Chief Supply Officer at Coty Inc. Mr Volatier was appointed for a term of four years. His term of office runs until the General Meeting due to be held in the spring of 2025.

EUGENIE VAN WIECHEN

(1969)

Ms Eugenie van Wiechen (Dutch) was appointed to the Supervisory Board on 21 April 2021. Ms Van Wiechen started her professional career as a Consultant at McKinsey & Company in 1995. From 2003-2008, she pursued her career at Sanoma, where she held multiple management positions. From 2008-2009, Ms Van Wiechen served as Managing Director of Marktplaats and in 2009 she became the Managing Director of LinkedIn in the Netherlands. Since 2011, Ms Van Wiechen holds the position of CEO of FD Mediagroep (the Netherlands). She also is a non-executive board member at stock listed Schibsted ASA in Norway since 2012. Ms Van Wiechen was appointed for a term of four years. Her term runs until the General Meeting due to be held in the spring of 2025.

SUPERVISORY BOARD REPORT

FOCUS ITEMS 2021

GENERAL

We look back at 2021 as a successful and dynamic year for Accell Group, which not only manifested itself by the growth of our business and profits, but also through developments to enhance governance, internal controls and Groupwide cooperation.

As expected, the challenges of the global component shortages in our industry which started in 2020 continued in this year. The Group was able to build upon its experience and insights gained last year and took measures to reduce the impact of the shortages on our product deliveries. Our good 2021 financial results allowed the Company to fully repay the remaining amount of € 69 million under the “GO-C” credit facility granted by the Dutch government, which was issued after the start of the pandemic.

Special reference is made to the steps made by the organization towards the strengthening of its risk management processes, leading to a more standardized approach and risk reporting across all Group companies and contributing to the improvement of internal processes.

Culture, people and values are all deemed important topics and were introduced this year on the agenda of our Supervisory Board and will continue to be recurring topics for the years ahead. During 2021, Accell rolled out its new Code of Conduct through its “Right on Track” programme. This Code of Conduct is specifically written for Accell’s employees, managers, directors and Board members and is separate from Accell’s Code of Conduct for Suppliers. The Supervisory Board shares management’s view that a strong set of values that respect people, society and the planet are critical to build a purpose-led and successful company. The environmental impact of our products is now a key point of attention and is becoming an integral part of our innovation processes.

Positively, in 2021 several talented and skilled professionals chose to join Accell and an initiative to improve our succession planning and talent development is already beginning to bear fruit.

The Supervisory Board is pleased with these actions initiated by the Board of Management.

The relationship of our Board with the Board of Management continued to be constructive and transparent throughout the year. A broad range of relevant topics was discussed in addition to the performance of the business. Furthermore, Supervisory Board members met with senior staff on various occasions and together with the Board of Management a visit was paid to the operations of Lapierre in Dijon.

During the year under review, the composition of our Supervisory Board changed. In April 2021, Peter Ernsting resigned after 10 years of service. We welcomed two new members, Luc Volatier and Eugenie van Wiechen, with specific expertise in operations and digitization respectively. As a result, our Supervisory Board now comprises five members and has become more diverse in terms of gender, skillsets and nationality.

In the fourth quarter of 2021, the Board of Management was unexpectedly approached by a consortium of Kohlberg Kravis Roberts & CO L.P. and our largest shareholder Teslin Capital Management B.V.. (together “the Consortium”) with an expression of interest to acquire all outstanding shares in the capital of the Company and accelerate Accell Group’s growth trajectory as a private company. From that moment on, this matter has been at the top of the agenda of both our Boards. To facilitate the communication and interaction with the Board of Management and the external advisors, after a conflict-of-interest check, the Supervisory Board formed a special committee composed of Rob ter Haar and Luc Volatier. This committee was tasked by the Supervisory Board to follow developments on an ongoing basis and to advise the Board of Management whenever appropriate. While the special committee was involved on a daily basis, the full Supervisory Board was informed regularly and was

involved in all strategic decisions. Throughout the process, due consideration was given to the interests of all stakeholders, in line with our fiduciary duties and responsibilities. The Supervisory Board also engaged its own financial and legal advisors to provide support on this specific item.

By the end of January 2022 this process resulted in a merger agreement with the Consortium and an Offer price of € 58.00 per share.

In our opinion the Offer made by the Consortium is compelling for the shareholders, employees and other stakeholders of Accell Group. The Offer represents a fair price at an attractive premium, favourable non-financial terms and a high deal certainty while fully respecting existing commitments with employees, clients and suppliers. Importantly, the Consortium endorses, and is prepared to invest in, the Company's strategy, based on organic growth complemented with targeted acquisitions when appropriate.

We therefore unanimously recommend the offer made by the Consortium for acceptance by Accell Group's shareholders. The Offer will be discussed in an Extraordinary General Meeting of Shareholders in 2022.

OVERVIEW ACTIVITIES AND MEETINGS IN 2021

The Supervisory Board held six plenary meetings in 2021, all according to schedule, and held seven additional meetings of which five were dedicated to the approach made by the Consortium. In addition, our Selection and Remuneration committee held five meetings and there were five meetings of our Audit committee. All regular and additional Supervisory Board meetings were attended by the Board of Management. We also held four closed sessions, mostly preceding or following regular meetings, in the absence of the Board of Management. All Supervisory Board members attended the Annual General Meeting of Shareholders in April, while the Extraordinary Meeting of Shareholders in December was attended by the chairman of the Supervisory Board and the Chairman of the Selection and Remuneration committee.

In the hands-on, open and informal spirit that characterizes Accell Group, our Board members actively engage with the Board of Management as well as with the wider management group. This gives us an opportunity to share information on an informal basis and give advice when appropriate. The Chairman frequently interacts with the CEO and his colleagues and with the Company Secretary. Similarly, the chairs of the Audit committee and the Selection and Remuneration committee stay in touch with the managers in the areas that fall under their oversight.

The discussions in our Board are largely based on documents and presentations by the Board of Management and/or advisors. By way of preparation, many subjects are (also) extensively addressed in advance in the committee meetings.

Board attendance was high throughout 2021, with members rarely absent and there was always sufficient quorum to take valid decisions.

	SUPERVISORY BOARD	AUDIT COMMITTEE	SELECTION AND REMUNERATION COMMITTEE
Mr. Rob ter Haar	100%	100%	100%
Mr. Peter Ernsting (resigned 21 April 2021)	100%	-	100%
Ms. Danielle Jansen Heijtmajer	100%	100%	-
Mr. Luc Volatier (appointed 21 April 2021)	100%	100%*	-
Mr. Gert van de Weerdhof	85%	100%**	100%*
Ms. Eugenie van Wiechen (appointed 21 April)	100%	-	-

* From May to December 2021

** Till April 2021

Luc Volatier will join the Selection and Remuneration Committee as well as the Audit Committee from 1 January 2022 onwards, while Eugenie van Wiechen will join the Audit Committee as from 21 April 2022; the year 2021 was considered to be a transitional year during which they could get acquainted with the business and participate as guests in various committee meetings.

To ensure that no important matters are overlooked in the discussions, we work with an annual calendar. In the regular meetings in 2021 with the Board of Management, the Supervisory Board was updated on a number of recurring items, such as extensive business updates, news regarding Accell Group, financial performance, net working capital and cash management developments, budget setting and financial forecasts, financing and the tracking of bank covenant ratios, investor relations, reports on the operating companies, developments in the markets in which Accell Group operates, progress made with business projects and strategic initiatives, key legal contracts and divestment and acquisition opportunities. Newly added items are succession planning and talent management, culture and people. Other matters discussed included the 2021 interim report and interim statements.

During 2021 global supply chains were still severely impacted by the disruptions caused by the pandemic. For our industry this led to component shortages, not only affecting our production but also our stock positions and trade working capital. Throughout 2021 we closely monitored the developments and provided advice.

In early March 2021 we discussed the 2020 annual report and financial statements. During the year 2021 no dividend proposal was made as dividend limitations applied for the time the GO-C facility was drawn. In that meeting we also assessed the performance rating of the bonuses for the financial year 2020 and the vesting of the conditionally granted long-term performance shares over the past three years. We also set the performance criteria for the 2021 short-term (bonus) and long-term (conditional shares) remuneration for the Board of Management.

With respect to the 2021 annual results, in the meeting of our Board held on 3 March 2022 we discussed and endorsed the Company's 2021 annual report and financial statements. We also approved the proposal by the Board of Management not to distribute dividend over the financial year 2021 in view of the bid made by the Consortium in January 2022 of € 58.00 (cum dividend) per share. Under the terms of the bid, any dividend will be deducted from the offer price of € 58.00.

RISK MANAGEMENT

By the end of 2021 we concluded in our annual risk management review meeting that the Company's risk and control systems are in place and working.

We agreed with the Board of Management in 2020 that Accell Group would take further steps to improve risk and internal control management, in particular the formalization of risk controls and remedial measures. During 2021 the Board of Management took important steps to further professionalize the risk management process in order to control and mitigate inherent risk, for

example by introducing a new internal control framework. The Supervisory Board is pleased with these steps, as well as the attention given by the Company in 2021 to compliance.

We recognize that a number of improvements are still in the design or roll-out phase, but we are confident that the organization is on track to implement the new processes at all the operating companies.

INTEGRITY

We adopted the revised Code of Conduct and are satisfied with the manner in which it was rolled out in 2021 across the entire Accell Group with mandatory acceptance and training by all functions. This Code is one of the ways Accell's values are put into practice. Our Board is convinced that it will be clear to all stakeholders, including employees, customers, investors and authorities that Accell takes ethics and integrity very seriously. Good business conduct shall support the success and reputation of the Company.

SUSTAINABILITY

In line with its strategy, the Company is serious about preventing or minimizing the environmental impact of its activities and products. We acknowledge that good progress was made in 2021. "Environment and Sustainability" is part of the Code of Conduct that was rolled out in 2021. In our meeting in October 2021, we discussed the Company's ESG strategy (Environmental, Social and Governance). The Company started a new project to already prepare for the upcoming EU rules regarding ESG that will come into effect in 2023. Those rules make companies like Accell responsible not only for their own actions, but also for the ethical and environmental impact of actions of all parties engaged by Accell Group in its supply chain. The Supervisory Board appreciates that this will be a challenging project for the Group. However, it may underscore the leading industry role of Accell Group in contributing to the protection of the environment. The inclusion of challenging sustainability KPI's on the Board of Management long-term incentives support the importance of this topic for the Company.

STRATEGY AND OPERATIONAL PLAN

Monitoring the development of the Company's strategy and its implementation is a regular topic of discussion with the Board of Management. In our September meeting a full day was dedicated to the annual strategic update on

the '2022 Lead Global, Win Local' strategy, with in-depth presentations by senior management on important strategic priorities such as innovation, product availability, service and omnichannel with increased emphasis on direct-to-consumer transactions.

In our October meeting we focused on a number of specific strategic topics, such as the updated business strategy for "Parts & Accessories" where a strategic roadmap to align this business even more with the mainstream bike business was endorsed. Also, Human Resources presented their vision, where it was agreed that the people component is permanently added to Accell's overall strategy.

The Supervisory Board is looking forward to the presentation and substantiation of the Company's vision on long-term value creation and strategy covering the period 2022-2027.

SHAREHOLDERS AND INVESTOR RELATIONS

Accell believes that an open and regular dialogue with shareholders and investors is important to explain the Company's strategy and performance and to receive their feedback. Our Board closely follows Accell Group's investor relations activities, trading updates, share price developments and the composition of the shareholder base. These are evaluated on a regular basis with the Board of Management, along with feedback from investor roadshows and the comments received at the Annual General Meeting. We discuss press releases related to the Company's performance and leadership prior to publication.

End 2020 the Company's internal response manual related to a potential (hostile) takeover was updated. This was discussed several times during 2021, for example, at moments where major shareholders changed their interest in Accell, increasing the risk of vulnerabilities for a stable shareholder base of the Company. An external adviser regularly updated the Board of Management and our Board on various developments in this perspective, such as the development of the share price.

Together with the Board of Management, we prepared the General Meeting of April 2021 and the Extraordinary Meeting of Shareholders of December 2021, which both – due to COVID-19 restrictions – could be followed via a webcast with a chat facility and telephone line for

questions. We evaluated the results from these meetings and were pleased to note that all proposals submitted to a vote by shareholders were adopted.

COMPOSITION AND FUNCTIONING OF THE SUPERVISORY BOARD AND THE BOARD OF MANAGEMENT

In our meeting of December 2021, we discussed the preferred profile, composition and expertise of our Board and the Board of Management and concluded that the present settings were still relevant and that there is no need for amendments.

SUPERVISORY BOARD

The members of the Supervisory Board collectively represent a broad range of experience and expertise. This allows us to exercise effective oversight and to provide the management with support in their running of Accell Group's business.

Up until 21 April 2021 the Supervisory Board consisted of four members. As per that date Peter Ernsting resigned due to the expiration of his third and final term and two new members joined our Board. Our Board currently therefore consists of five members. Peter Ernsting was succeeded by Luc Volatier, who brings in more than 30 years of experience in senior executive positions in operations and supply chain management, and board positions in a variety of international businesses. Eugenie van Wiechen was appointed as Supervisory Board member as a result of the decision to expand our Board from four to five members. She has over 25 years of experience in strategic consultancy and executive roles in media and online focused businesses.

According to the rotation schedule, both Danielle Jansen Heijtmajer and Gert van de Weerdhof are scheduled to step down in April 2022 when their first terms as members of the Supervisory Board will expire. Both members have indicated they are available for reappointment for a second term of four years. As their expertise is still relevant to the Supervisory Board as a whole and in view of the significant contribution they made during their first term, the Supervisory Board recommends that the General Meeting in April 2022 reappoints them both for another term. Gert van de Weerdhof will then continue to serve as the vice-chair of the Supervisory Board and as chair of the Selection and Remuneration Committee. Danielle Jansen

Heijtmajer will remain chair of the Audit Committee.

If the bid by the consortium is settled, Danielle Jansen Heijtmajer, Gert van de Weerdhof and Eugenie van Wiechen will step down from their positions as Supervisory Board members. If settlement of the bid does not occur, all five Supervisory Board members will keep their positions for the remainder of their term.

The Supervisory Board meets the requirements of the Dutch Corporate Governance Code on independence. It also complies with the rules to the effect that its members do not hold more than five supervisory board positions at "large" publicly listed Dutch companies. This gives the members sufficient time to fulfil their responsibilities properly, both individually and as a team. The Supervisory Board meets the requirements of the Code regarding the independence of its Chairman, the other Supervisory Board members and the Board as a whole. The Supervisory Board is not aware of any conflicts of interests between the Company and members of the Supervisory Board.

In the fourth quarter of 2021 we performed our annual self-assessment, which consisted of anonymous on-line questionnaires similar to the ones used in 2020, followed by a closed discussion in our Board in which we discussed the conclusions and suggestions for improvement. Items assessed included organization, composition and profile, the Board's size, mix of skills and experience, decision-making and follow-up of discussions during meetings, induction and performance, role and areas of supervision, the relationship with the Board of Management, the support of the Company Secretary and the performance of the Chairman. We extended this process to the members of the Management Board and the Company Secretary. We shared the conclusions and recommendations in our closed meeting early 2022 and concluded that the outcomes were unanimously positive, and no major shortcomings were identified. There were useful suggestions for improvement such as on learning and development. We will keep under review our efforts to provide adequate training and development both for individual Board- and Supervisory Board members and make time available within the board calendar for Board training on matters of interest to the Board and relevant to the company.

The Supervisory Board was operational in its new

composition, with three existing and two new members during a period of nine months in 2021. Due to COVID-19 restrictions, members predominantly participated in meetings online. Fortunately, our Board was able to organize a Company visit to the operations of Lapierre in France during the third quarter of 2021. All Supervisory Board members participated in that visit which allowed us to interact in an informal setting.

DIVERSITY

Both the Supervisory Board and the Board of Management recognize the benefits and importance of diversity in their composition. Diversity is not limited to gender, but also includes skills, background, experience and nationality. The profile for our Board includes a target minimum of one-third for female and male board members. This target applies equally to the Board of Management.

As of 1 January 2022, it is legally required in the Netherlands for listed companies to target a ratio of at least one-third male members and at least one-third female members on their Supervisory Board. We are pleased that since April 2021 our Board is composed of three male and two female members and we are compliant with legislation.

With the Board of Management, we recognize that gender diversity at the top should also come from a balanced composition in terms of gender in other layers of the organization. The Company therefore devotes specific attention to women in its management development programme and recruitment process. However, it will take time before these measures lead to achieving the target on gender diversity at executive level, given the traditional overrepresentation of males in our industry.

BOARD OF MANAGEMENT

The Board of Management was comprised of three members until 10 June 2021, the date that Jeroen Both stepped down from his role as Chief Supply Chain Officer. Since that date, the Board of Management is composed of two members, Ton Anbeek (CEO) and Ruben Baldew (CFO). Peter Ernsting, who stepped down as Supervisory Board member in April 2021, was willing to take on the role of Chief Supply Chain Officer (CSCO) as from July 2021 onwards on an ad interim basis. During this interim period he did not join the Board of Management.

Following a European-wide search, after the Extraordinary

Meeting of Shareholders on 15 December 2021, Francesca Gamboni was appointed as member of the Board of Management and CSCO with effect of 1 February 2022. On the same date, Peter Ernsting ended his interim role. We are very grateful for his contribution.

Francesca Gamboni is a seasoned supply chain executive with international experience. She has been deeply involved in a variety of complex business projects during her career and is recognized for her leadership and strong operations skills. In her role as CSCO, Francesca will be responsible for managing the global supply chain and operations with a focus on supporting the future growth and innovation of Accell Group, based on her knowledge and experience in the automotive industry.

In March 2021 we set personal targets for each member of the Board of Management and we monitored their performance over the course of the year. In December 2021 we assessed the performance of the two remaining members. We also consulted a number of major stakeholders. Based on our own observations and the information received, we provided the Board of Management with feedback. Our overall conclusion is that both CEO Ton Anbeek and CFO Ruben Baldew performed very well in the year under review. In view of the expiration of their terms as CEO and CFO of the Company in 2022, the Supervisory Board has decided to nominate them for reappointment after the General Meeting in April 2022.

We concluded that none of the Board of Management members holds more than two supervisory positions at large organizations or a position as chairman of such a supervisory body. This is in line with the Dutch Management and Supervision Act and the Corporate Governance Code. No conflicts of interest between the Company and any member of the Board of Management were reported.

2021 FINANCIAL STATEMENTS AND DIVIDEND

The Board of Management has prepared this annual report, including the 2021 financial statements. The financial statements have been audited by the external auditor, KPMG Accountants N.V.; the unqualified independent auditor's report is included in [Other Information/Appendices](#) of this annual report.

The Supervisory Board discussed the 2021 draft financial statements with the Board of Management and KPMG in a

meeting on 3 March 2022 and we concluded that we agree with the 2021 financial statements.

Accell Group will not make a dividend proposal to the General Meeting 2022 in view of the bid made by KKR of € 58.00 (cum dividend) per share; under the terms of the bid, any dividend will be deducted from the offer price of € 58.00.

The members of the Supervisory Board and Board of Management have signed the 2021 financial statements pursuant to their statutory obligation under article 2:101 §2 of the Dutch Civil Code. The members of the Board of Management have also issued the statements required under article 5:25c §2.c of the Dutch Financial Markets Supervision Act (Wet op het Financieel Toezicht).

The Supervisory Board recommends that the General Meeting adopts the 2021 financial statements, and discharges the members of the Board of Management for their management of the Company and its affairs in 2021 and the members of the Supervisory Board for their supervision of said management.

CONCLUDING REMARKS

Like 2020, 2021 was also an eventful and challenging year. Top of mind were the challenges with the supply of components. Despite the ongoing threat posed by the pandemic, the results achieved are very gratifying. However, the Board of Management not only focused on the achievement of good financial results and improvement of services to our consumers and customers. It also made important steps to enhance a variety of policies and processes, including risk management and the related hard and soft controls and steps towards harmonized tools and data management. In addition to all this, in the fourth quarter of 2021 management had to lead the process which started following the expression of interest by the Consortium and which resulted in January in a recommendation to accept the offer of € 58.00 per share for the outstanding capital in the Company.

None of this would have been possible without the contribution and commitment of our Accell Group colleagues, everywhere and at all levels of the Group. The Supervisory Board is confident that in the years ahead, with the support of our entire organization, Accell Group will be able to expand its leading position in the European bike, cargo and P&A markets.

Heerenveen, the Netherlands, 3 March 2022

Rob ter Haar, Chairman
Gert van de Weerdhof, Vice-chairman
Daniëlle Jansen Heijtmajer
Luc Volatier
Eugenie van Wiechen

AUDIT COMMITTEE

Ms D. Jansen Heijtmajer (chair), Mr G. v.d. Weerdhof (till April 2021), Mr R. ter Haar (by invitation from 1 April till 31 December 2021)

The Audit Committee supports the Supervisory Board in the execution of its supervisory tasks and in the preparation of decision-making in the fields of financial reporting, risk management and internal controls.

The Audit Committee consists of the financial expert and at least one other member of the Supervisory Board. The chair of the Audit Committee is the first point of contact for the external auditor should the latter find any irregularities in the Company's financial reporting.

The Committee met five times in 2021 (2020: four times) all according to schedule. The meetings were also attended by the CFO, the Group Finance Director and the internal and external auditors, except for the closed meetings between the Supervisory Board and the external auditors KPMG on 4 March and 21 July.

The chair of the Committee had regular contact with the CFO in between meetings to discuss focus items such as the financial performance, cash-flow and working capital developments, the options for the repayment of the new financing facilities under the GO-C guarantee and the adjustment of credit facilities by the banking consortium, the progress on IT implementation, pension matters in the UK and other business risks and matters. Similarly, the chair was in regular contact with the manager of Internal Audit to discuss any issues, reports on compliance with the Code of Conduct and audit findings.

The Committee shared its deliberations and findings in the Supervisory Board meeting following each Audit Committee meeting.

In the year under review, the Audit Committee executed the regular preparatory tasks and responsibilities, that were recurring items in most of the Committee's meetings, and were related to the:

- Company's financial performance and progress on budget and financial forecasts.
- Integrity and quality of the financial reporting.
- Discussion of the financial statements, the "in control statement" and the external auditor's report on 2021.
- Effectiveness of the internal risk management control

systems and how these are embedded in the Company.

- Compliance with relevant bank covenants.
- Relationship with the internal auditor and external auditor, including the independence of the external auditor, as well as the progress and priorities on follow-up actions related to key audit findings and other recommendations in the 2021 management letter and in internal audit reports.
- Review and approval of the 2021 audit plan and related fee proposal as presented by the external auditor, as well as the effectiveness of the external audit process in 2021.
- Annual evaluation of the internal audit function, as well as advice on the internal audit plan.
- Effects of and preparations for and progress in alignment with new reporting standards, legislation and regulations.
- The 2021 annual report and financial statements, as well as the "in control statement" and the external auditor's report were discussed in the Audit Committee meeting held on 2 March 2022.

In 2021 the Audit Committee also discussed the progress of embedding the newly established internal control framework, the annual compliance plan 2021 and the roll-out of the new Code of Conduct. The Committee concluded that good progress is being made on Groupwide ERP harmonization and rationalization of the current IT landscape by the migration of various tools into a combination that will reduce IT management complexity and improve productivity. Other topics of review in 2021 included the security action plan and how the Company deals with increased awareness for cybersecurity risks, as well as the updated data privacy programme. The Committee further received an update from the legal & compliance department where it was concluded that considerable progress has been made during the past two years and that more legal advice is rendered in-house.

The Committee is pleased that in order to enforce the effectiveness of risk management in the Company during 2021 a Risk Advisory Board ("RAB") was established as the cornerstone of the Company's three lines of defence model. The RAB carries the responsibility to manage and facilitate the risk management process across the entire Accell Group. This is an important improvement towards measuring the effectiveness of the risk mitigation measures and standardized risk reporting. This approach will result in new policies for identified risk areas, with soft

controls providing further insight in the status of operational controls and culture. In addition, the decision by the Company to focus on a more data-driven approach by prioritising master data management where business intelligence will be further enhanced to facilitate, verify and challenge business decisions was welcomed by the Committee.

The Committee concludes that good progress was made on all of the above-mentioned topics that will further improve the internal controls of the Company.

The Audit Committee extensively discussed the external auditor's 2021 management letter, including their observations, findings and recommendations. In general, the Committee is satisfied with the manner in which most of the findings from previous years were addressed by the Company. The main observations in the management letter 2021 relate to advice for Accell Group to put sufficient effort into the planning and implementation of the many plans prepared in 2021, as well as the need to properly complete the entire process of implementation, including the measurement of effectiveness and impact thereof. Furthermore, the external auditor emphasized that time and energy needs to be spent on aligning all Group companies to embed the new soft controls into their processes.

The Audit Committee assessed the 2021 performance of the external auditor and considers the relationship with the external auditor to be effective, some areas of improvement as observed early 2021 were well addressed. The Audit Committee therefore proposes to the Supervisory Board that the external auditor be nominated for re-appointment by the General Meeting to audit the 2023 financial statements. This nomination was supported by the Board of Management and endorsed by the Supervisory Board.

SELECTION, APPOINTMENT AND REMUNERATION COMMITTEE (SRC)

Mr P. Ernsting (chair till 1 May 2021), Mr G. van de Weerdhof (chair since 1 May 2021), Mr R. ter Haar

The Selection, Appointment and Remuneration Committee supports the Supervisory Board in the execution of its supervisory tasks and prepares the decision-making in the field of selection and appointments for members of the Supervisory Board and the Board of Management, the remuneration policy and the level of remuneration and employment contract terms for members of the Board of Management. The full Supervisory Board acts as the Appointment Committee, which meets on an ad-hoc basis.

In 2021, the Committee met five times (2020: six times) according to the pre-set schedule and was also in frequent contact via (video) calls. All members of the SRC were present at the meetings and the meeting in March concerned a combined meeting of the SRC and the Supervisory Board, which was attended to by all members of the SRC and the Supervisory Board.

A key focal point in 2021 was the search for, and appointment of, a new Chief Supply Chain Officer in the Board of Management to fill the vacancy due to the departure of Mr Jeroen Both in June, as well as the preparations for the re-appointment of the CEO and CFO and two members of the Supervisory Board. The re-appointments are scheduled for the General Meeting on 20 April 2022.

Other matters which the Selection and Remuneration Committee focussed on in 2021 included:

- Preparations of the remuneration proposals over 2020, in line with the performance based on pre-defined KPI's for the LTI (conditional performance shares) for the Board of Management. Since the Board of Management in April 2020 refrained from their STI bonus over 2020 given COVID-19 conditions, no STI (cash bonus) was granted over 2020.
- Preparing a proposal for the fixed remuneration (base salary) as well as setting the performance criteria that apply to the STI (cash bonus) and LTI (share-based incentive) for the Board of Management over 2021.
- Various sessions were held regarding the vacancy that arose due to the retirement of Jeroen Both as Chief Supply Chain Officer and member of the Board of Management. Mr Both stepped down from his role in

June 2021 and remained available as an advisor to the Company until 31 December 2021. Based upon a new profile, an external professional recruiter was engaged to provide suitable candidates for this vacancy. Diversity, including gender, was an important consideration in this selection process. Suitable candidates were identified and after interviews with the Board of Management and Supervisory Board members the Committee proposed to the Supervisory Board to select Francesca Gamboni as the preferred candidate. Ms Gamboni was appointed by the Supervisory Board after the Extraordinary Meeting held on 15 December 2021 and took on her role as CSCO per 1 February 2022.

- Succession planning within the Company: The Committee held an extensive meeting in September with the Board of Management and the HR director present.
- In September the profile of the Supervisory Board was reviewed, as well as the remuneration policy of the Supervisory Board and the remuneration policy of the Board of Management. All documents were approved without any adjustments being made.
- The Committee performed the assessment of the functioning of the Board of Management over 2021, also in view of their reappointments in April 2022, the outcomes of which were shared with the Supervisory Board. It was agreed that at reappointment date, to both Board of Management members an additional restricted grant of conditional shares will be made under the Company's Long Term Incentive plan, to safeguard their availability for re-appointment and for retention purposes.
- In December the process of the self-assessment 2021 of the Supervisory Board and its Committees was discussed, the appointment of Committee members as from 1 January 2022 onwards, as well as the reappointment of two members of the Supervisory Board. The reappointments will be presented in the General Meeting to be held on 20 April 2022.
- In that meeting the effects of the potential Bid by The Consortium on the long-term incentives (performance-based shares) held by the Board of Management were discussed. If the Bid succeeds, settlement of the conditional shares under the LTI plan will take place pro-rato-temporis and in cash, instead of shares, which is in line with the conditions of the LTI plan and the Remuneration policy.
- Finally, the 2021 remuneration reports for the Board of

Management and the Supervisory Board were drawn up, these explain how the remuneration policies were implemented in 2021.

The Supervisory Board discussed and adopted the remuneration package for the Board of Management for 2022 on 3 March 2022. At the same time, the Supervisory Board also determined the variable STI remuneration over the 2021 financial year, which was included in the 2021 financial statements.

Based on the preparatory work of the Committee, the Supervisory Board discussed and adopted the 2021 remuneration reports for the Board of Management and the Supervisory Board in their meeting on 3 March 2022. These reports will be presented to the General Meeting on 20 April 2022 for an advisory vote.

The General Meeting of 22 April 2021 adopted the remuneration of the Board of Management and Supervisory Board over 2020, based on articles 2:135 and 2:135a of the Dutch Civil Code. The remuneration policies can be found on [Accell Group's website](#).

LONDON

NEW CYCLE SUPERHIGHWAYS, PARKING SPACES AND BICYCLE-FRIENDLY REGULATIONS

London's city officials are working on a more cycling-friendly infrastructure under the title "City for All Londoners". Even if only a small proportion of the city's 12 million citizens gets on a bike more often, it will mean a vast improvement to the livability of Britain's capital city. Accell's Managing Director of Raleigh UK, Lee Kidger, sees a promising future: "80% of all journeys which Londoners make annually are under five miles long. The bicycle is a great alternative for this, and especially the electric bike."

The city council and Transport for London (TfL) - the local government body responsible for the transport network in Greater London - play key roles in creating a fairer, greener, healthier and more prosperous city. And the bicycle is a linchpin in this plan. Kidger: "Cycling rose to 22% of all transportation movements in London in 2021. In recent years in particular, cyclists have been provided with more room through substantial investments in bike paths and cycle parking."

ON THE WAY TOWARDS A BICYCLE-FRIENDLY CITY

One example of such initiatives is the Cycle Super-highways. These are bicycle paths extending from outskirts of London to the city centre. The bikeways, which ensure safer, quicker and more direct travels within the city, were developed under TfL's £ 4 billion (around € 4.8 billion) road modernization programme. Part of that initiative involved creating 2,000 new cycle parking spaces across London in 2021.



Lee Kidger: "Pedestrians and cyclists in London will also gain increased priority over motorised traffic."





The national government is also changing traffic rules in favour of pedestrians and cyclists. Kidger: “The highway code changed in January 2022. Pedestrians and cyclists in London will also gain increased priority over motorized traffic. These are small, but crucial steps in order to create a more cycling-friendly mindset among Londoners.”

MORE ELECTRIC CARGO BIKES

TfL has also approved funding for the first two cargo bike cycle hangars. The hangars, built for local businesses, will be able to store two cargo bikes each, which will help to give businesses in the area more sustainable options for moving freight and delivering services. “There are a lot more electric cargo bikes being used in London by parents and businesses. The latter are being encouraged with subsidies to trade in their delivery vans.

In Hackney (North London) the council launched a cargo bike sharing scheme for businesses in September 2021. They use our Raleigh cargo bikes - in collaboration with Beryl, a bike sharing company - and there’s a lot of interest in the scheme.”

WITH SOME HELP FROM COVID-19

Lastly, the pandemic also boosted bicycle use in London. “People avoided the Tube due to the risk of infection and looked for other ways for staying active when working from home. Recent data published by TfL showed walking and cycling accounted for half of all journeys between April and June 2021, up by 29% compared with before the pandemic. There’s a long way to go before London can be called a cycling city, but the direction the city is taking and the speed with which that is happening is very encouraging.

2021 REMUNERATION REPORT BOARD OF MANAGEMENT

INTRODUCTION

The Supervisory Board of Accell Group N.V., upon the recommendation of the Selection and Remuneration Committee, determines the remuneration of the members of the Board of Management.

This Remuneration Report describes the implementation of our Remuneration Policy for the members of the Board of Management in 2021 and gives an overview of their remuneration in 2021. This Remuneration Report will be presented to the General Meeting of 20 April 2022 for an advisory vote.

ACCELL GROUP'S PERFORMANCE IN 2021

2021 again was quite an unusual year for Accell Group. The COVID-19 pandemic continued to affect our business and thus our Company as well. Shortages in the supply chain, either due to mandatory closing of companies or as a result of the Suez canal incident, hampered production and supply, while demand for our products continued to show a strong growth.

Net sales increased with 6.2% to € 1,377 million due to higher sales (mainly in volume) of parts & accessories and higher bicycle sales resulting from improved pricing. Our underlying EBIT improved with 33.7% to € 106.6 million, including one-offs our EBIT increased with 47.3% to € 110.1 million. Accounting for the higher financing costs which includes the depreciation of the Turkish Lira, we recorded a net profit of € 70 million. Our Trade Working Capital increased to 33.1% per year end. Given the supply disruptions Accell invested additionally in component stock levels to optimize its intended production volumes which is reflected in the higher TWC percentage. The investment in inventory is also the main driver for the negative cash flow of € 127.4 million per year-end.

OVERVIEW 2021

In the beginning of 2021, the Board of Management consisted of three members: Mr A.H. Anbeek, Mr R.S. Baldew and Mr J.J. Both. On 10 June 2021 Mr Both stepped down as Chief Supply Chain Officer (CSCO) and member of the Board of Management. On 15 December 2021 Ms Francesca Gamboni was appointed as the new CSCO and member of the Board of Management as per 1 February 2022.

OUTLOOK 2022

Accell Group, as one of the main global bike manufacturers, is playing a strong role in driving Corporate Social Responsibility in the bicycle industry. Therefore, the long-term variable incentive (LTI) for members of the Board of Management has CSR-related performance criteria. As in 2021, the Supervisory Board has set challenging and suitable performance criteria for the LTI in 2022. These will be published in the 2022 Remuneration Report.

REMUNERATION POLICY BOARD OF MANAGEMENT

The Remuneration Policy for the Board of Management adopted by the General Meeting on 22 April 2020 and applicable as of 1 January 2020 onwards can be found on Accell Group's website under 'Corporate Governance' in the 'Remuneration' section.

The Remuneration Policy was discussed in the meeting of the Selection and Remuneration Committee's meeting, held on 27 September 2021. According to the Committee no changes were required at that moment in time. However, the Committee and the Supervisory Board as a whole keep an open mind for changes in society which might require future adjustments.

Every three years, the Supervisory Board conducts a remuneration benchmark review in order to evaluate the market competitiveness of the pay levels of the members of the Board of Management. In this benchmark review Accell Group's remuneration is compared with the remuneration levels at a group of companies, headquartered in the Netherlands and, comparable in terms of size, listed on Euronext Amsterdam and included in the Amsterdam Mid or Small Cap index or listed on the local market. Based on this approach, and with the exclusion of financial and real estate companies, the labour market reference group currently consists of: Arcadis, Be Semiconductor, Brunel Internat, Corbion, ForFarmers, Fugro, Heijmans, Kendrion, Neways Electronics, Ordina, Sligro Food Group, Stern Groep and TomTom.

Within this established labour market reference group, the Supervisory Board aims to position Accell Group on average at the median in terms of revenue, market capitalization, assets and number of employees. The Supervisory Board will regularly review the labor market reference group to ensure that its composition is still appropriate.

The remuneration policy aims to position the Total Direct Compensation levels of Accell Group (the sum of fixed compensation, at target short-term variable remuneration and at target long-term variable remuneration) around the median (approached from below) of the labor market reference group.

The last remuneration benchmark review was conducted in 2019; it resulted in adjustments that were incorporated in the current Remuneration Policy. In 2022, a new remuneration benchmark review will be performed.

TOTAL REMUNERATION OF MEMBERS OF THE BOARD OF MANAGEMENT

The Total Direct Compensation ('TDC') of the Board of Management consists of three components:

1. Fixed remuneration (base salary).
2. Short-term variable incentive (STI or cash bonus); and
3. Long-term variable incentive (LTI or performance shares).

In addition to TDC, members of the Board of Management are entitled to other benefits such as a pension scheme. The three elements of the TDC are described in more detail below.

1. FIXED REMUNERATION (BASE SALARY)

The fixed remuneration, i.e. the "base salary", is set at a market competitive level within the context of TDC, taking into account the individual responsibilities, relevant experience and the remuneration principles. Each year, the Supervisory Board reviews and determines the development of the fixed remuneration of the individual members of the Board of Management and decides whether circumstances justify any adjustments. Considerations in the review may for instance include (general) market developments, inflation figures (CPI), internal pay ratios, personal performance and the extent to which the current fixed remuneration deviates from the benchmark.

2. SHORT-TERM VARIABLE INCENTIVE (STI)

The objective of the short-term incentive or cash bonus is to support Accell Group's strategy and incentivize Company performance targets in the shorter term. Each year, the Supervisory Board sets financial and non-financial target ranges reflecting Accell Group's strategic ambitions for that year. The targets are designed to avoid adverse incentives for board members to act in their own interest or to take unwanted risks. The characteristics of the STI are summarized in table A.

3. LONG-TERM VARIABLE INCENTIVE (LTI)

The long-term variable incentive serves to align the interests of the members of the Board of Management with long-term interests of the Company and its stakeholders. Members of the Board of Management receive conditional performance shares each year. These will vest after three years, subject to the achievement of set performance criteria over three financial calendar years. The criteria are designed to avoid adverse incentives for board members to act in their own interest or to take unwanted risks. The performance targets are based on strategy alignment, long-term focus and societal impact. The characteristics of the LTI are summarized in table B.

**TABLE A: CHARACTERISTICS OF THE STI
VEHICLE**

Cash

PERFORMANCE PERIOD

One year

PERFORMANCE CRITERIA

80% FINANCIAL MEASURES, SUCH AS:

- Profit-related measures
- Working capital improvement
- Growth-related measure

20% NON-FINANCIAL MEASURES:

- Individual targets (specific measures annually selected at the discretion of the Supervisory Board to ensure alignment between the STI, corporate strategy and short- to mid-term agenda)

CIRCUIT BREAKER

Circuit breakers are applicable as a minimum requirement for payout of the individual STI measures. If this minimum is not achieved, the parameters will not lead to a payout. Individual STI measures have a maximum stretch payout and total payout is based on the sum of the individual STI measures with the restriction that the total STI payout cannot exceed said maximum.

PERFORMANCE INCENTIVE ZONE

The maximum payout is equal to 65% of the annual fixed remuneration for the CEO and 50% for other members of the Board of Management. In case of at-target performance, the short-term incentive will be equal to 80% of the maximum payout. Performance below threshold level is not generating a payout.

The CEO, Mr Anbeek, noted during this Annual General Meeting held in 2020 that he decided to refrain from the increase of his short-term cash bonus (from 50% to 65%) in general; therefore it remains 50%.

**TABLE B: CHARACTERISTICS OF THE LTI
VEHICLE**

Performance shares

**PERFORMANCE PERIOD (CONDITIONAL RIGHTS
TO ACCELL GROUP N.V. SHARES).**

Three years

HOLDING PERIOD

Two years

PERFORMANCE CRITERIA

70%: FINANCIAL VALUE CREATION MEASURES

30%: SOCIETAL VALUE CREATION MEASURES

CIRCUIT BREAKER

Circuit breakers are applicable as a minimum requirement for payout of the individual LTI measures. If this minimum is not achieved, the parameters will not lead to a payout. Individual LTI measures have a maximum stretch payout and total payout is based on the sum of the individual LTI measures with the restriction that the total LTI payout cannot exceed said maximum.

PERFORMANCE INCENTIVE ZONE

- The initial conditional grant is equal to 100% of the annual fixed remuneration.
- The maximum opportunity for the LTI (i.e. final and unconditional grant) is 125% of the number of initially granted conditional shares.
- In case of at-target performance, the LTI will be equal to 80% of the initial conditional grant.
- Performance below threshold level is not generating any LTI (i.e. the initial grant is not becoming vested, but will lapse).

PENSION AND OTHER BENEFITS

The members of the Board of Management participate in the Accell Group pension scheme (insured via a third party pension insurance company) up to the maximum set by the tax authorities (in 2021: € 112.189). Accell Group pays the pension premium. In addition, they participate in a net pension or available contribution scheme. Accell Group has agreed to a specific amount per year with each of the members of the Board of Management as a contribution to the net pension scheme.

Additional benefits awarded by Accell Group to members of the Board of Management are the same as those for other employees. These include an expense allowance, a health insurance premium reduction, accident insurance, disability schemes and a company car.

In addition, the company has a directors' and officers' liability insurance for the Board of Management in place. Accell Group has not provided the members of the Board of Management with any loans or guarantees.

REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2021

The remuneration of the Board of Management for the financial year 2021 is based upon and complies with the Remuneration Policy, as explained above. As such, the remuneration of the Board of Management in 2021 contributed to the objectives of the Remuneration Policy, including Accell's focus on long-term value creation and its aim in driving Corporate Social Responsibility in the bicycle industry. The Supervisory Board conducted scenario analyses of the possible outcomes of the variable remuneration components and their effect on the remuneration of the Board of Management.

The total remuneration of the members of the Board of Management in 2021 is shown in table 1 below.

TABLE 1: TOTAL REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2021

Name of Director, position	Year	1 Fixed Remuneration			2 Variable remuneration		3 Termination benefit	Total		4 Total Remuneration	5 Proportion of fixed remuneration
		Base Salary € x 1	Fringe Benefits € x 1	Pension expense € x 1	One-year variable € x 1	Multi-year variable ¹⁾ € x 1		Total fixed € x 1	Total variable € x 1		
A.H. Anbeek, CEO	2021	503,000	16,079	119,379	223,465	274,273	-	638,458	497,738	1,136,196	56.2%
	2020	497,000	15,936	118,404	-	99,999	-	631,340	99,999	731,339	86.3%
R.S. Baldew, CFO	2021	395,000	16,520	59,986	175,484	166,624	-	471,506	342,108	813,615	58.0%
	2020	390,000	24,116	59,488	-	74,825	-	473,604	74,825	548,429	86.4%
J.J. Both, CSCO	2021	332,000	30,500	70,224	-	115,363	332,000	432,725	115,363	880,088	64.5%
	2020	328,000	17,423	70,734	-	66,147	-	416,157	66,147	482,304	86.3%

¹⁾ these multi-year variable bonus amounts represent the cost allocation (services rendered) for the share-based payment plans.

FIXED REMUNERATION

In 2021, the fixed remuneration of all members of the Board of Management was increased by 1.25% (in line with CPI and rounded up to € 1,000).

SHORT-TERM VARIABLE INCENTIVE (STI)

In 2021, the following financial objectives applied for 80% of the STI of the members of the Board of Management:

- EBIT improvement (30%) - nominal performance: € 93 million
- Increase of the overall turnover (25%) - nominal performance: 4.3%
- Average Trade Working Capital improvement (25%) - nominal performance: 26.1%

The non-financial performance criteria and individual performance criteria for the members of the Board of Management over 2021 (determining the other 20% of the STI) related to various improvement processes for Supply & Operations, Innovation, Service and Control.

The financially determined objective EBIT improvement was met at stretched level, increase of turnover was between nominal and stretch, and average trade working capital improvement was not met; resulting in 65% for the financial objectives. Performance on the three individual non-financial performance criteria was partly nominal and partly stretched, which resulted in 24%.

For the two members of the Board of Management that were active during 2021 this resulted in a STI score of 89%, while maximum pay-out of STI/cash bonus is capped at 50% of Base salary.

Mr Anbeek is entitled to a STI/cash bonus of € 223,465 relating to 2021. Mr Baldew's STI/cash bonus amounted to € 175,484. Mr Both who stepped down as member of the Board of Management in June 2021 did not receive an STI/cash bonus.

LONG-TERM VARIABLE INCENTIVE (LTI): AWARD MADE IN 2021

In March 2021, Mr Anbeek was awarded 16,200 conditional shares, Mr Baldew was granted 12,721 conditional shares and Mr Both received 10,692 conditional shares. The applicable performance criteria for 70% of those LTI (conditional performance shares)

awarded in March 2021 are related to:

- Relative Total Shareholder Return.
- Return on Capital Employed improvement.
- Average growth of earnings per share.
- Reduction of CO₂ footprint; (defined as the CO₂ footprint from the purchase of raw materials/parts up to and including the delivery of the bicycle to the consumer and is standardized on turnover).

In addition to the financial criteria, 30% is dedicated to circular economy contributions (reduction of outbound/inbound single used plastics and cradle-to-cradle certifications) and cultural items (gender diversity, the long-term target is more than 30% women in the extended Accell Leadership Forum by 2025, and employee satisfaction improvement in annual employment engagement surveys).

In March 2024, the number of conditional shares to be vested will be determined by the Supervisory Board, based on the performance of above-mentioned performance criteria.

VESTING OF CONDITIONALLY AWARDED PERFORMANCE SHARES, AWARDED IN 2019

In March 2019, Mr Anbeek was granted 12,155 conditional shares, Mr Baldew 1,617 conditional shares and Mr Both 8,044 conditional shares. In March 2021, these conditionally awarded performance shares were up for vesting. The applicable performance criteria of the (former) Remuneration Policy were not met, since during the period 2018, 2019 and 2020 the Total Shareholder Return of Accell Group (16.3%) remained below the Total Shareholder Return for the Amsterdam Midcap index (19.6%). Based on these relative TSR criteria, vesting would be nil.

Making use of its discretionary power to adjustment, the Supervisory Board decided that it was in the best interest of the Company to deviate from the former performance criteria and decided to apply the performance criteria of the new 2020 Remuneration Policy on these in March 2019 granted conditional shares. These new criteria (as described above), and more specifically the average growth of earnings per share and the ESG related targets, align with the strategy of the Company as well as shareholder's interests and the Supervisory Board finds it

important these will apply as soon as practically possible. Besides that, the Supervisory Board concluded that this is also fair to the Board of Management, since they refrained from taking their variable remuneration over 2020 while good financial results were achieved under continued challenging circumstances.

Based on this assessment and while using the new performance criteria, it was concluded that 75% of the conditional shares granted to Messrs Anbeek, Baldew and Both in March 2019 did vest. This 75% is based on the delivery on return on capital employed improvement, which was overachieved and generated a 30% performance, as well as the growth on earnings per share which over the period 2018-2020 amounted 82,3%, leading to 45% performance. The other performance criteria, amongst others the relative TSR, were not met.

In June 2021, Mr Jeroen Both stepped down as Chief Supply Chain Officer (CSCO) and member of the Board of Management. In the settlement agreement between the Company and Mr Both, the Supervisory Board exercised its discretionary power under the Remuneration Policy and deviated from the standard arrangements with regard to the vesting of the conditional shares. It was agreed that the unvested conditional shares granted to Mr Both in 2020 and 2021 would vest pro rata per 1 July 2021. This meant that as of 1 July 2021, Mr Both received 3,200 vested shares allocated to him in 2020 (being 50% of the original number) and 1,782 vested shares allocated in 2021 (1/6 of the original number). Since the Company agreed with Mr Both that the Company would take responsibility for the deduction of payroll taxes related to this vesting, on a net basis 2,547 shares were allocated to Mr Both. The holding period for these 2,547 shares was lifted as per 1 January 2022. Any other conditional shares granted to Mr Both that had not yet vested in June 2021 lapsed.

For details regarding the conditional shares, see table 2.

TABLE 2: AWARDING AND VESTING OF CONDITIONAL SHARES IN 2021

The main conditions of share award plans						Information regarding the reported financial year						
Name of Director, position	1 Specification of Plan	2 Performance Period	3 Award Date	4 Vesting Date	5 End of Lock-up Period	Opening Balance	During the year	During the year	During the year	Closing Balance	Closing Balance	Closing Balance
						6 Shares awarded at the beginning of the year	7 Shares awarded	8 Shares vested	9 Shares forfeited	10 Shares subject to a performance condition	11 Shares awarded and unvested at year end	12 Shares subject to a lock-up period
A.H. Anbeek, CEO	LTI criteria	2021 - 2023	3/4/2021	3/4/2024	3/4/2026	-	16,200	-	-	16,200	16,200	-
	LTI criteria	2020 - 2021	3/5/2020	3/5/2022	3/5/2024	9,680	-	-	-	9,680	9,680	-
	LTI criteria	2019 - 2020	3/6/2019	3/6/2021	3/6/2023	12,155	-	-9,116	-3,039	-	-	9,116
R.S. Baldew, CFO	LTI criteria	2021 - 2023	3/4/2021	3/4/2024	3/4/2026	-	12,721	-	-	12,721	12,721	-
	LTI criteria	2020 - 2021	3/5/2020	3/5/2022	3/5/2024	7,600	-	-	-	7,600	7,600	-
	LTI criteria	2019 - 2020	3/6/2019	3/6/2021	3/6/2023	1,617	-	-1,213	-404	-	-	1,213
J.J. Both, CSCO	LTI criteria	2021 - 2023	3/4/2021	3/4/2024	3/4/2026	-	10,692	-1,782	-8,910	-	-	-
	LTI criteria	2020 - 2021	3/5/2020	3/5/2022	3/5/2024	6,400	-	-3,200	-3,200	-	-	-
	LTI criteria	2019 - 2020	3/6/2019	3/6/2021	3/6/2023	8,044	-	-6,033	-2,011	-	-	-
Total						45,496	39,613	-21,344	-17,564	46,201	46,201	10,329

SHARE OPTIONS

Through 2019, the members of the Board of Management were entitled to receive share options in the event they met specific performance criteria. With the adoption of the new Remuneration Policy in April 2020, this component of the Board of Management's remuneration lapsed and was replaced by the LTI plan of conditionally awarded performance.

For details regarding the outstanding share options, see table 3.

TABLE 3: OVERVIEW OF OUTSTANDING SHARE OPTIONS IN 2021

Name of Director, position	The main conditions of share option plans						Information regarding the reported financial year						
	1 Specification of Plan	2 Performance Period	3 Award Date / 4 Vesting Date	5 End of Lock-up Period	6 Exercise Period	7 Strike price of share € x 1	Opening Balance	During the year	During the year	Closing Balance	Closing Balance	Closing Balance	Closing Balance
							8 Share options awarded at the beginning of the year	9 Share options exercised	10 Share options vested	11 Share options subject to a performance condition	12 Share options awarded and unvested	13 Share options subject to a lock-up period	14 Share options that are available to be exercised
A.H. Anbeek, CEO	ROCE	2017	3/8/2018	3/8/2021	5 years	21.68	1,850	-	-	-	-	-	1,850
R.S. Baldew, CFO	Contractual	N/A	3/5/2020	3/5/2023	5 years	25.00	6,350	-	-	-	-	6,350	-
	Contractual	N/A	3/6/2019	3/6/2022	5 years	19.58	1,650	-	-	-	-	1,650	-
J.J. Both, CSCO	ROCE	2017	3/8/2018	3/8/2021	5 years	21.68	2,950	-2,950	-	-	-	-	-
	ROCE	2016	3/9/2017	3/9/2020	5 years	22.05	6,850	-6,850	-	-	-	-	-
	ROCE	2015	2/24/2016	2/24/2019	5 years	18.86	7,850	-7,850	-	-	-	-	-
Total							27,500	-17,650	-	-	-	8,000	1,850

OTHER ITEMS

The members of the Board of Management are also serving as director of several subsidiaries of Accell Group. The members of the Board of Management do not receive any remuneration for these directorships.

In 2021, Accell Group did not claw back any variable remuneration. Further, it did not grant any severance payments to (former) members of the Board of Management, except that Mr Both received a severance payment when he stepped down as Chief Supply Chain Officer (CSCO) in June 2021. Such payment was equal to the amount of his fixed remuneration for one year.

Accell intends to grant competitive remuneration to employees at all position levels within the Company. At each level remuneration should reflect the responsibilities of the role. The build-up of remuneration from level to level should therefore be gradual and in line with increasing responsibilities, also following market practice. At the highest level the steps become gradually bigger as responsibilities ultimately rise from a regional or divisional level to an overall company level.

The Supervisory Board considers the current build-up and the overall pay ratio of 17:1 to be equitable, considering the current size and organization structure of the company.

RELATIONSHIP BETWEEN BOARD OF MANAGEMENT AND AVERAGE REMUNERATION (PAY RATIO)

The ratio between the remuneration of the Board of Management and average salary cost of all other employees at Accell Group (Pay Ratio) in 2021 was 17:1 (2020: 13:1). The average salary cost of all other employees was calculated as the average salary of all employees who are not in the Board of Management during the year (3,492 FTEs). The pay ratios can vary over time as a result of Accell Group's annual performance. The fact that the Board of Management over 2020 refrained from STI and LTI (due to COVID-19 circumstances) has resulted in an increase of the pay ratio in 2021.

DEVELOPMENTS IN REMUNERATION AND COMPANY PERFORMANCE

Table 4 set out below aims to provide insight into Accell Group's performance over the past five years and the development of the remuneration.

TABLE 4: ANNUAL CHANGE

The roles and positions in the Board of Management changed over the past five years. A new position (CSCO) was created in 2015 and the position of COO was discontinued in 2018. In addition, the composition of the Board of Management changed; Mr Anbeek started as the new CEO in November 2017, Mr Baldew was appointed as CFO in November 2018 and Mr Both stepped down as CSCO in June 2021. These changes do complicate a full comparison of the total remuneration of the members of the Board of Management over the years.

	2017 € x 1	2018 € x 1	2019 € x 1	2020 € x 1	2021 € x 1	Information regarding the RFY
Director's remuneration						
Total remuneration CEO	902,355	831,019	772,419	731,339	1,136,196	
Total remuneration CFO	634,417	262,280	639,583	548,429	813,615	
Total remuneration CSCO	481,396	510,657	536,271	482,304	880,088	
Total remuneration COO	496,330	403,811	N/A	N/A	N/A	
Company performance						
Net profit	10.5	20.3	2.8	64.8	70.0	in millions of euro
Net turnover	1,069	1,094	1,111	1,296	1,377	in millions of euro
Total FTE Accell Group	3,088	3,327	3,410	3,139	3,495	
Average remuneration on a full-time equivalent basis of employees						
Employees of the company	40.0	41.5	43.4	46.9	47.7	in thousands of euro

INFORMATION ON SHAREHOLDER VOTE - ENGAGEMENT WITH SHAREHOLDERS

The 2020 Remuneration Report for the Board of Management was submitted to the General Meeting for an advisory vote. On 21 April 2021 97.4% of the votes were cast in favour of such report. In addition, the Company engaged with its shareholders regarding the remuneration of the Board of Management. The results of this engagement have been addressed in this Remuneration Report.

This 2021 Remuneration Reports for the Board of Management will be submitted to the General Meeting of 20 April 2022 for an advisory vote.

2021 REMUNERATION REPORT SUPERVISORY BOARD

This Remuneration Report gives an overview of the remuneration of the members of the Supervisory Board in 2021. This Remuneration Report will be presented to the General Meeting of 20 April 2022 for an advisory vote.

The Remuneration Policy of the Supervisory Board adopted by the General Meeting on 22 April 2020 and applicable as of 1 January 2020 onwards can be found on Accell Group's website under 'Corporate Governance' in the 'Remuneration' section. The remuneration of the Supervisory Board in the financial year 2021 is based on and complies with this Remuneration Policy.

In 2021 the Supervisory Board reconsidered the current remuneration policy of the Supervisory Board and was of the opinion that no adjustments were required.

Pursuant to article 21.13 of the Company's Articles of Association, the General Meeting sets the remuneration for the members of the Supervisory Board. On 25 April 2017 the General Meeting resolved that the remuneration of a member of the Supervisory Board amounted to € 52,000 per year. On 24 April 2019 the General Meeting resolved that the remuneration of Mr ter Haar as chair of the Supervisory Board amounted to € 96,000 per year.

In addition to the (fixed) remuneration as explained above, the members of the Supervisory Board are reimbursed for travel/out-of-pocket expenses. In light of simplicity and the size of the Supervisory Board, the remuneration policy does not include any additional committee fees and/or attendance fees or (intercontinental) travel fees.

Given the nature of the responsibilities of the members of the Supervisory Board, their remuneration is not connected to the results of the Accell Group and they are not entitled to any variable remuneration.

Two new members for the Supervisory Board were appointed at the General Meeting of 21 April 2021 for a four-year period ending in 2025. After that General Meeting, Mr Peter Ernsting retired from the Supervisory Board as his current third and final term ended. He was replaced by Mr Luc Volatier. Further Ms Eugenie van Wiechen was appointed as new member of the Supervisory Board.

For details on the remuneration of the members of the Supervisory Board, see table 1 below.

Table 1: Remuneration of Supervisory Board Members in 2021

Name of Supervisory Board member	Year	Fixed Remuneration	Expenses	Total Remuneration
		€ x 1	€ x 1	€ x 1
R. ter Haar (chair)	2021	96,000	-	96,000
	2020	96,000	-	96,000
G. van de Weerdhof	2021	52,000	975	52,975
	2020	52,000	190	52,190
D. Jansen Heijtmajer	2021	52,000	1,225	53,225
	2020	52,000	248	52,248
P.B. Ernsting	2021	17,333	-	17,333
	2020	52,000	1,261	53,261
A.J. Pasman	2021	-	-	-
	2020	16,098	-	16,098
L. Volatier	2021	36,851	260	37,111
	2020	-	-	-
E. van Wiechen	2021	36,242	201	36,443
	2020	-	-	-

The remuneration of the Supervisory Board for the financial year 2021 is based upon and complies with the Remuneration Policy.

INFORMATION ON SHAREHOLDER VOTE

The 2020 Remuneration Report for the Supervisory Board was submitted to the General Meeting for an advisory vote. On 21 April 2021 99.4% of the votes were cast in favour of such Report. In addition, the Company engaged with its main shareholders regarding the remuneration of the Supervisory Board. The results of engagement with these shareholders have been taken into account.

This 2021 Remuneration Report for the Supervisory Board will be submitted to the General Meeting of 20 April 2022 for an advisory vote.

A person with a yellow backpack is riding a bicycle on a city street. The person is wearing a light-colored sweater and dark pants. The street is paved with grey bricks and has white lane markings. In the background, there are several tall buildings, including a prominent one with a grid-like facade. There are also trees with green leaves and a clear blue sky with some clouds. A traffic light and a red sign are visible on the right side of the street.

2021 ANNUAL REPORT

FINANCIAL STATEMENTS

**ACCELL
GROUP**

1. CONSOLIDATED BALANCE SHEET

In thousands of euro

	Notes	31/12/21	31/12/20
ASSETS			
Property, plant and equipment	10.1	67,003	66,152
Right-of-use assets	10.2	29,234	28,058
Goodwill and other intangible assets	10.3	126,579	127,001
Equity-accounted investees	10.4	8,294	6,433
Net defined benefit asset	11.2	8,816	21,096
Deferred tax assets	15.2	31,179	38,450
Other financial assets	10.5	1,818	1,958
Non-current assets		272,924	289,148
Inventories	8.1	556,761	285,314
Trade and other receivables	8.2	160,744	128,505
Current tax assets		2,688	3,068
Other financial instruments	12	18,076	164
Cash and cash equivalents	9.1.2	48,469	173,376
Current assets		786,738	590,427
Total assets		1,059,662	879,575

The figures following the various items refer to the notes.

The explanatory notes form an integral part of the financial statements.

1. Consolidated balance sheet

	Notes	31/12/21	31/12/20
EQUITY			
Share capital	9.2	268	268
Share premium		42,157	42,314
Reserves		413,723	333,370
Total equity		456,149	375,953
LIABILITIES			
Provisions	11.1	4,557	4,507
Borrowings	9.1.1	126,204	184,749
Lease liabilities	9.1.3	20,498	20,158
Net defined benefit obligation and other long-term employee benefits	11.2	8,072	8,657
Deferred tax liabilities	15.2	14,214	15,909
Deferred revenue	11.3	2,209	1,529
Non-current liabilities		175,753	235,509
Provisions	11.1	6,950	10,848
Borrowings	9.1.1	60,670	19,822
Lease liabilities	9.1.3	9,726	8,799
Deferred revenue	11.3	11,348	2,226
Trade payables and other current liabilities	8.3	276,555	186,909
Current tax liabilities		11,312	4,620
Other financial instruments	12	2,933	15,843
Bank overdrafts	9.1.2	48,266	19,046
Current liabilities		427,760	268,113
Total liabilities		603,513	503,622
Total equity & liabilities		1,059,662	879,575

The figures following the various items refer to the notes.

The explanatory notes form an integral part of the financial statements.

2. CONSOLIDATED INCOME STATEMENT

In thousands of euro

	Notes	2021	2020
Net turnover	7.1	1,377,112	1,296,453
Other income	7.2	1,088	127
Cost of materials and consumables	7.3	-955,794	-934,703
Personnel expenses	7.4	-168,908	-148,922
Depreciation, amortisation and impairment losses	7.5	-20,957	-24,928
Net impairment losses on financial assets	8.2	-224	1,251
Other operating expenses	7.6	-122,262	-114,546
Operating result		110,056	74,732
Net finance cost	9.3	-23,690	-12,825
Share of profit from equity-accounted investees, net of tax	10.4	2,747	1,008
Result on the sale of subsidiaries, non-consolidated companies and other investments	7.7	2,355	-
Profit before taxes		91,467	62,915
Income tax expense	15.1	-21,493	1,914
Result after taxes		69,974	64,829
Net profit		69,974	64,829
Earnings per share (in euro)			
Basic earnings per share	7.8	2.61	2.42
Diluted earnings per share	7.8	2.60	2.41

The figures following the various items refer to the [notes](#).

The explanatory notes form an integral part of the financial statements.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euro

	Notes	2021	2020
Net profit		69,974	64,829
Items that will never be reclassified to profit or loss			
Remeasurement of the defined benefit liability (asset)	11.2	-13,438	-841
Related tax	15.2	4,750	175
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences		2,904	-3,403
Fair value gain/(loss) arising on cash flow hedges ¹⁾	12	20,001	-9,990
Cumulative gains/(losses) on cash flow hedges reclassified to income statement	12	514	547
Reclassification of currency translation differences to profit or loss		-	-1,278
Related tax	15.2	-5,129	2,361
Other comprehensive income, net of tax		9,603	-12,430
Total comprehensive income		79,577	52,399

1) The presentation of the fair value gain/loss arising on cashflow hedges has changed in 2021 and is now included in items that are or may be reclassified subsequently to profit or loss. The comparative figures have been adjusted accordingly.

The figures following the various items refer to the [notes](#).

The explanatory notes form an integral part of the financial statements.

4. CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euro

	Notes	2021	2020
Cash flows from operating activities			
Profit for the period		69,974	64,829
Adjustments for:			
Depreciation, amortisation and (reversal of) impairments	7.5	20,950	24,928
Net finance cost	9.3	23,690	12,825
Share of profit from equity-accounted investees, net of tax	10.4	-2,747	-1,008
Equity-settled share-based payment transactions		619	351
Gain or loss on sale of property, plant and equipment	10.1	-18	-10
Gain or loss on divestment of intangible assets		20	-
Result on the sale of subsidiaries, non-consolidated companies and other investments		-2,355	-
Tax expense	15.1	21,493	-1,914
		131,627	100,001
Change in:			
Inventories		-299,746	102,951
Trade and other receivables		-35,658	39,694
Trade and other payables		96,063	-20,828
Provisions, employee benefits and deferred revenue		5,862	5,825
Cash flows from operations		-101,853	227,643
Interest received		8,389	8,309
Interest paid		-16,802	-18,688
Taxes paid		-10,412	-10,796
Net cash from operating activities		-120,678	206,468

The figures following the various items refer to the [notes](#).

The explanatory notes form an integral part of the financial statements.

5. Consolidated statement of changes in equity

	Notes	2021	2020
Cash flows from investing activities			
Dividends received from equity-accounted investees	10.4	886	-
Proceeds from sale of property, plant and equipment		1,492	76
Acquisition of property, plant and equipment	10.1	-11,187	-10,339
Acquisition of intangible assets	10.3	-1,111	-1,072
Acquisition of other financial fixed assets		-307	-413
Disposal of other financial fixed assets		3,678	876
Development expenditure	10.3	-170	-226
Free cash flow ¹⁾		-127,396	195,369
Proceeds from sales of subsidiaries		3,338	-
Acquisition of subsidiaries, net of cash acquired		-	-
Net cash from (used in) investing activities		-3,380	-11,098
Cash flows from financing activities			
Proceeds from borrowings	9.1.1	105,149	197,736
Transaction costs related to borrowings	9.1.1	-7	-1,767
Repayment of borrowings	9.1.1	-122,405	-190,227
Payment of lease liabilities	9.1.3	-10,065	-10,149
Dividends paid		-	-
Contingent liabilities paid		-	-2,932
Net cash from (used in) financing activities		-27,327	-7,339
Net increase (decrease) in cash and bank overdrafts		-151,385	188,030
Cash and bank overdrafts at 1 January		154,330	-33,121
Effect of exchange rate fluctuations on cash and bank overdrafts held		-2,742	-579
Cash and bank overdrafts at 31 December		203	154,330
		2021	2020
Cash reconciliation			
Cash and cash equivalents		48,469	173,376
Bank overdrafts		-48,266	-19,046
Cash and bank overdrafts in the cash flow statement		203	154,330

1) Free cash flow is defined as the balance of net cash from operating activities and net cash used in investment activities excluding acquisitions and disposals of subsidiaries.

The figures following the various items refer to the notes.

The explanatory notes form an integral part of the financial statements.

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euro

	Share capital	Share premium	Hedge reserve	Translation reserve	Other legal reserve	Other reserve	Total equity
BALANCE AS AT 1 JANUARY 2020	268	42,314	-432	-12,607	2,615	291,037	323,196
Total comprehensive income							
Net profit	-	-	-	-	-	64,829	64,829
Other comprehensive income	-	-	-7,083	-4,681	-	-666	-12,430
Total comprehensive income	-	-	-7,083	-4,681	-	64,163	52,399
Transactions with owners of the Company							
Dividends paid	-	-	-	-	-	-	-
Share-based payments	0	-0	-	-	-	351	351
Other changes	-	-	-	-	1,675	-1,667	8
Total	0	0	-	-	1,675	-1,316	359
BALANCE AS AT 31 DECEMBER 2020	268	42,314	-7,515	-17,288	4,290	353,885	375,953
BALANCE AS AT 1 JANUARY 2021	268	42,314	-7,515	-17,288	4,290	353,885	375,953
Total comprehensive income							
Net profit	-	-	-	-	-	69,974	69,974
Other comprehensive income	-	-	15,387	2,904	-	-8,687	9,603
Total comprehensive income	-	-	15,387	2,904	-	61,287	79,577
Transactions with owners of the Company							
Dividends paid	-	-	-	-	-	-	-
Share-based payments	0	-157	-	-	-	775	619
Other changes	-	-	-	-	1,868	-1,868	-
Total	0	-157	-	-	1,868	-1,092	619
BALANCE AS AT 31 DECEMBER 2021	268	42,157	7,872	-14,384	6,158	414,079	456,149

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021.

6.1 General information

Accell Group N.V. ("Accell Group") in Heerenveen, The Netherlands, is the holding company of a group of legal entities. An overview of the data required pursuant to articles 2:379 and 2:414 of the Dutch Civil Code is enclosed in [note 19.3](#). Accell Group with its group of companies is internationally active in the design, development, production, marketing and sales of innovative and high-quality bicycles, bicycle parts and accessories.

6.2 Basis of preparation

A | GENERAL

These consolidated financial statements:

- have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code;
- have been prepared on a going concern basis;
- were authorized for issue by the Board of Management on 3 March 2022;
- have been prepared on a historical cost basis unless otherwise stated;
- are presented in euros, which is Accell Group's functional currency;
- are rounded to the nearest thousand, unless otherwise indicated. Calculations in the tables are based on unrounded figures; as a result, rounding differences can occur.

B | USE OF ESTIMATES

In preparing these consolidated financial statements, Accell Group has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about assumptions and estimations of uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2021 is included in the following notes:

- Note 8.2: trade and other receivables: measurement of discount accruals, bonus receivables and expected credit losses.
- Note 10.3: goodwill and other intangible assets impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs.
- Note 11.1: recognition and measurement of provisions: key assumptions regarding the likelihood and magnitude of an outflow of resources.
- Note 11.2: measurement of defined benefit obligations: key actuarial assumptions.
- Note 14: financial instruments - fair values.
- Note 15.2: recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.
- Note 16.4: share-based payment estimates regarding the number of conditional shares that will vest (performance criteria and continuation of employment).

C | CHANGES IN ACCOUNTING POLICIES

Accell Group applied for the first-time certain standards and amendments which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest rate benchmark reform (IBOR) – Phase 2, which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: recognition and measurement, IFRS 7 Financial Instruments: disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases. The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in the aforementioned standards. These amendments had no impact on the consolidated financial statements of Accell Group because the main IBOR exposure is Euribor which was subject to a reform in 2019 and is currently not expected to be replaced with an alternative rate. Reforms have made EURIBOR compliant with EU Benchmark Regulation and the rate can therefore continue to be used for existing and new contracts and instruments. Accell Group intends to use the practical expedients in future periods if they become applicable.

The Amendment to IFRS 16 Leases: COVID-19 Related rent concessions beyond 30 June 2021 applicable on or after 1 April 2021 which provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the pandemic had no impact on the consolidated financial statements, as Accell Group had no COVID-19 related rent concessions. Accell Group plans to apply the practical expedient if it becomes applicable within the allowed period of application.

MANDATORY UPCOMING CHANGES

Accell Group has not applied the following upcoming changes (effective for annual periods beginning on or after 1 January 2022) when preparing these consolidated financial statements: Amendments to IAS 37: Onerous contracts – costs of fulfilling a contract, Annual improvements 2018-2020, Amendment to IAS 16: Property, plant and equipment, proceeds before intended use, and Amendment to IFRS 3: Reference to the conceptual framework. Accell Group does not currently expect these changes to have any impact on its financial statements.

The implications of changes effective for annual reporting periods beginning on or after 1 January 2023 are under review but are expected to have an impact on the (presentation in) financial statements. These entail the following: Amendment to IAS 1: Classification of liabilities as current or non-current, Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies, Amendments to IAS 8: Definition of accounting estimates, Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction.

6.3 General accounting policies

This section describes Accell Group's general accounting policies relating to the consolidated financial statements and notes as a whole. If an accounting policy relates specifically to a note (balance or transaction) it is presented within the relevant note. Accell Group has applied these accounting policies consistently to all periods presented in these consolidated financial statements, taking into account the accounting policy changes mentioned in [note 6.2C](#).

A | BASIS OF CONSOLIDATION

The consolidated financial statements are prepared as a consolidation of the financial statements of Accell Group N.V. and its subsidiaries. Subsidiaries are entities controlled by Accell Group. Accell Group controls an entity when it has power over the investee, is exposed or has the right to variable returns from its involvement with that entity and has the ability to affect those returns through its power over the entity. Control is generally obtained by ownership of more than 50% of the voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Accell Group.

When Accell Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, as well as any non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Upon consolidation, intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of Accell Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

B | FOREIGN CURRENCY

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of group companies using the exchange rates at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured on a historical cost basis in a foreign currency are not translated again at a later stage.

Foreign currency differences are generally recognized in profit or loss, for working capital items in cost of materials and consumables and for financing activities in net finance costs. However, foreign currency differences arising from the translation of qualifying cash flow hedges, to the extent the hedges are effective, are recognized in other comprehensive income (OCI).

FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates on the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates on the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

6. Notes to the consolidated financial statements

When a foreign operation is disposed of in its entirety or partially, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If Accell Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When Accell Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If the unwinding of a monetary balance, that is either collectable from or payable to a foreign operation is neither planned nor probable in the foreseeable future, the foreign currency differences of this monetary balance is considered part of the net investment in the foreign operation. Accordingly, these currency differences are included in other comprehensive income and recorded in the translation reserve.

HEDGE OF A NET INVESTMENT IN A FOREIGN OPERATION

Accell Group does not apply hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and Accell Group's functional currency (euro).

C | OFF-SETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, Accell Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

D | STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the indirect method. Dividends paid are included in financing activities, together with the payment of the principal portion of lease liabilities. Dividends received are classified as investing activities. Interest paid and interest received are classified as operating activities.

Accell Group has centralized its cash management with the execution of payments in the operations by group companies. Cash management includes cash pools, cash and bank overdrafts and these are components of the item cash and bank overdrafts in the cash flow statement.

7. PERFORMANCE

7.1 Operating segments

Accell Group identified the following three operating segments: Bikes, Parts and Corporate/Eliminations.

The table below provides information on these reportable segments:

2021	Bikes	Parts	Corporate/ Eliminations	Consolidated
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
External net turnover	983,098	393,284	730	1,377,112
Inter-segment net turnover	5,790	7,197	-12,987	-
Segment net turnover	988,888	400,481	-12,257	1,377,112
Other income	1,088	-	-	1,088
Contribution profit	119,577	40,834	23	
Allocated cost central functions	-48,339	-5,353	3,314	
Segment profit (loss) before interest and tax	71,238	35,481	3,337	110,056
Net finance cost				-23,690
Share of profit (loss) of equity-accounted investees				2,747
Result on the sale of subsidiaries, non-consolidated companies and other investments				2,355
Consolidated profit (loss) before tax	71,238	35,481	3,337	91,467
Segment assets	1,172,760	198,586	-311,683	1,059,662
Segment liabilities	627,020	149,844	-173,350	603,513
Depreciation and amortization	12,813	5,473	2,671	20,957
Capital expenditure	9,825	1,643	1,000	12,467
2020	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
External net turnover	951,695	344,414	344	1,296,453
Inter-segment net turnover	5,462	6,671	-12,133	-
Segment net turnover	957,157	351,084	-11,789	1,296,453
Other income	111	-	16	127
Contribution profit	93,131	26,051	-5,227	
Allocated cost Corporate	-46,250	-5,059	12,086	
Segment profit (loss) before interest and tax	46,881	20,992	6,859	74,732
Net finance cost				-12,825
Share of profit (loss) of equity-accounted investees				1,008
Result on the sale of subsidiaries, non-consolidated companies and other investments				-
Consolidated profit (loss) before tax	46,881	20,992	6,859	62,915
Segment assets	882,050	141,257	-143,732	879,575
Segment liabilities	399,019	107,301	-2,699	503,622
Depreciation and amortization	14,056	5,409	5,463	24,928
Capital expenditure	9,755	1,210	672	11,637

GEOGRAPHICAL INFORMATION

The sales to external customers reported in the geographical segments are based on the geographical location of the company and on the location of the customer.

	Net turnover based on company location		Net turnover based on customer location	
	2021	2020	2021	2020
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
The Netherlands	361,622	314,934	303,577	264,078
Germany	557,350	535,009	429,754	424,076
Other Europe	438,628	427,185	623,712	591,887
Other World	19,511	19,325	20,068	16,411
Total	1,377,112	1,296,453	1,377,112	1,296,453

Geographical asset information is based on the physical location of the assets at 31 December:

	2021	2020
	€ x 1,000	€ x 1,000
Non-current assets ¹⁾		
The Netherlands	84,857	86,584
Germany	57,910	53,692
Other Europe	81,696	79,953
Other World	8,465	9,373
Total	232,928	229,602

1) The deferred tax assets and the net defined benefit asset are, in accordance with IFRS 8.33b, excluded from non-current assets.

ACCOUNTING POLICIES

Operating segments

Operating segments are reported in a manner consistent with the internal reporting to the Board of Management, which is considered to be Accell Group's chief operating decision-maker. The reportable segments Bikes and Parts are the main pillars of Accell Group and are supported by the central functions in the Corporate segment. Both the Bikes and Corporate segments report directly to the Board of Management, with dedicated regional Bikes directors. The Parts segment is managed by one dedicated director, who reports to the Board of Management, and is directly accountable for the functioning of the segment's assets, liabilities and results. The Board of Management reviews the performance of the segments via monthly internal management reports. The performance of the regional Bikes directors and the Parts director is measured based on contribution profit, as included in the internal management reports. The central functions, which report directly to the Board of Management, include procurement, supply chain, innovation & technology (R&D), IT, e-commerce, HR and central G&A. The related costs are allocated to the reportable segments on a reasonable basis.

7. Performance

Unallocated result items comprise net finance expenses, share of profit (loss) of equity-accounted investees and results on the sale of subsidiaries.

Segment capital expenditure is the total cost incurred in the period under review to acquire property, plant and equipment and intangible assets other than goodwill for example development expenditure.

Revenue

The majority of Accell Group's contracts are contracts with customers in which the sale of goods is generally expected to be the single performance obligation. The timing of the transfer of control varies depending on the individual terms of the sales agreement. For sales of bicycles, parts and accessories, transfer usually occurs when the product is delivered to the customer. However, for some international shipments the transfer occurs when the goods are loaded onto the relevant carrier at the port. Generally, the customer has no right of return for such products. Revenue is recognized at the point in time when control of the goods is transferred.

Accell Group provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers. The warranties serve to guarantee that the bicycle, part or accessory functions as intended and meets the agreed specifications. As such, these warranties are assurance-type warranties that are accounted for under Provisions.

Some contracts with customers include customer programmes and incentives, such as special pricing agreements, promotions, advertising allowances and other volume-based incentives. Accell Group recognizes revenue from the sale of bicycles, parts and accessories measured at the consideration received or receivable, net of accruals for customer incentives and returns (if the customer has a right of refund). If revenue cannot be reliably measured, Accell Group defers revenue recognition until the uncertainty is resolved.

ACCOUNTING ESTIMATES

Accell Group makes estimates in the measurement of discount accruals, included in trade receivables. When customers are given discounts, these reduce the transaction price and consequently the revenue. The conditional discounts in revenue are estimated based on accumulated experience supported by historical and current sales information. Expected sales volumes are determined taking into account (historical) sales patterns and other relevant information. A discount accrual is recognized for expected volume and year-end discounts payable to customers in relation to sales made until the end of the reporting period.

7.2 Other income

Other income amounted to € 1.1 million in 2021 and is mainly attributable to the settlement of a brand license (2020: € 0.1 million, mainly attributable to rental income).

ACCOUNTING POLICY

Other income is reported on an accrual accounting basis, meaning when the revenues are incurred not necessarily when they are received.

7. Performance

7.3 Cost of materials and consumables

	2021	2020
	€ x 1,000	€ x 1,000
Materials	899,178	906,690
Freight and inbound costs	44,626	15,213
Warranty provisioning	5,210	5,448
Obsolete raw materials and semi-finished goods	3,667	5,110
External assemblies	3,112	2,241
Cost of materials and consumables	955,794	934,703

ACCOUNTING POLICY

Cost of materials and consumables are recognized in the same period as the revenues to which they relate e.g. when Accell Group sells goods (bikes or bike parts and accessories) or performs services. Expenses are recognized on an accrual accounting basis, meaning when the expenses are incurred, not necessarily when they are paid.

7.4 Personnel costs

	Notes	2021	2020
		€ x 1,000	€ x 1,000
Wages and salaries		136,632	122,384
Social security charges		16,010	14,595
Pension contributions		8,390	7,422
Share-based payments	16.4	775	351
Other personnel costs		7,100	4,170
Personnel expenses		168,908	148,922

The average number of employees (FTEs) was 3,495 in 2021 (2020: 3,139).

ACCOUNTING POLICY

All expenses are reported on an accrual accounting basis, meaning when the expenses are incurred (services are received), not necessarily when they are paid. For more details on accounting policies regarding pension contributions and share-based payments see [note 11.2](#) and [note 16.4](#) respectively.

7.5 Depreciation, amortization and impairment losses

	Notes	2021	2020
		€ x 1,000	€ x 1,000
Amortisation of intangible assets	10.3	2,740	3,005
Impairment losses (reversals) on intangible assets	10.3	-300	3,936
Depreciation of property, plant and equipment	10.1	8,917	8,235
Depreciation of right-of-use assets	10.2	9,598	9,759
Gains & losses from lease modifications (remeasurement)	10.2/9.1.3	-5	-8
Capital loss on sale of property, plant and equipment	10.1	7	1
Capital loss on sale of intangible assets	10.3	-	-
Depreciation, amortisation and impairment losses		20,957	24,928

ACCOUNTING POLICY

For the accounting policy on amortization, impairment and divestment losses on intangible assets, see [note 10.3](#). For depreciation of property, plant and equipment, see [note 10.1](#) and for depreciation of right-of-use assets see [note 10.2](#).

7.6 Other operating expenses

	2021	2020
	€ x 1,000	€ x 1,000
Selling expenses	77,784	69,954
General and administrative expenses	6,855	7,278
Lease expenses	1,414	1,757
Research & development expenses	5,813	2,051
Maintenance and energy	5,495	4,635
Audit and consultancy costs	7,361	5,475
IT costs	8,900	7,974
Other	8,639	15,423
Other operating expenses	122,262	114,546

Selling expenses are primarily marketing costs, freight costs, other (outbound) logistics costs, del credere costs and platform fees. For more details on lease expenses, see [note 9.1.3](#).

Other expenses are primarily costs related to provisioning, tools, car costs and facility costs. The decrease in the other expenses in 2021 compared to 2020 is mainly caused by less provisioning.

ACCOUNTING POLICY

All expenses are reported on an accrual accounting basis, meaning when goods are received or services are provided, not necessarily when they are paid.

7. Performance

7.7 Result on the sale of subsidiaries, non-consolidated companies and other investments

The result on the sale of subsidiaries, non-consolidated companies and other investments consist mainly of the sale of the fitness and motorcycle parts business of Tunturi Sweden, the sale of the associate Urbanvision and the sale of a 10% investment in a company.

7.8 Earnings per share

The calculation of earnings per share and of diluted earnings per share is based on the following data:

	2021	2020
Net profit accruing to Accell Group N.V.'s shareholders (€ x 1,000)	69,974	64,829
Number of issued shares as per 31 December	26,836,619	26,805,031
Weighted average number of basic shares for the earnings per share	26,829,592	26,804,632
Potential impact of share options and conditional shares on the issuance of shares under the share-based payments programme	83,414	89,237
Weighted average number of issued shares (diluted)	26,913,006	26,893,869
Reported basic earnings per share (€ x 1)	2.61	2.42
Reported diluted earnings per share (€ x 1)	2.60	2.41
Adjustment factor according to IAS 33	1.000	1.000
Total earnings per share financial year (€ x 1)	2.61	2.42
Total earnings per share financial year (diluted) (€ x 1)	2.60	2.41

8. WORKING CAPITAL

	2021	2020
	€ x 1,000	€ x 1,000
Inventory	556,761	285,314
Trade receivables	120,241	104,006
Trade payables	-221,624	-137,829
Trade working capital (TWC)	455,379	251,491
Other receivables	40,503	24,499
Other current liabilities	-54,931	-49,080
Working capital	440,950	226,910

8.1 Inventories

	2021	2020
	€ x 1,000	€ x 1,000
Components for the purpose of production	353,654	168,222
Semi-finished goods	4,902	2,494
Trading and finished products	198,205	114,599
BALANCE AT 31 DECEMBER	556,761	285,314

In 2021, Accell Group wrote down inventories by € 7.1 million to lower net realizable value (2020: € 10.1 million) of which € 4.0 million is recognized as cost of materials and consumables (2020: € 5.3 million) and € 3.1 million as other operating expenses (2020: € 4.8 million). In 2021, Accell Group reversed write-downs of € 1.8 million (2020: € 1.0 million) recognized as a reduction of cost of materials and consumables of € 0.3 million (2020: € 0.1 million) and € 1.5 million as a reduction of other operating expenses (2020: € 0.9 million). At the reporting date, inventories with a carrying amount of approximately € 6.6 million (2020: € 7.9 million) were valued at lower net realizable value. Furthermore, inventories include goods in transit of € 120.9 million (2020: € 63.8 million) related to shipped goods for which Accell Group had acquired the economic ownership, but which have not yet been received.

ACCOUNTING POLICY

Inventories are measured at the lower of cost, using the first-in first-out (fifo) principle, and net realizable value. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

8. Working capital

8.2 Trade and other receivables

	2021	2020
	€ x 1,000	€ x 1,000
Trade receivables	120,241	104,006
Other receivables	40,503	24,499
Total	160,744	128,505

Trade receivables

	2021	2020
	€ x 1,000	€ x 1,000
Trade receivables	124,341	109,932
Allowance for credit losses	-4,099	-5,927
BALANCE AT 31 DECEMBER	120,241	104,006

The nominal value of trade receivables is considered close to the fair value. Trade receivables are non-interest-bearing and, depending on the season, are governed by a 30-day to 150-day payment term.

The group applies the IFRS 9 simplified approach to measure expected credit losses. This uses a lifetime expected loss allowance for all trade receivables. On that basis, the loss allowance was determined as follows:

2021	Weighted average loss rate	Trade receivables - gross	Credit loss allowance	Trade receivables - net
		€ x 1,000	€ x 1,000	€ x 1,000
Current (not past due)	0.1%	101,866	-94	101,772
Past due 0-90 days	3.3%	16,170	-527	15,643
Past due 91-360 days	26.1%	3,226	-843	2,383
Past due over 360 days	85.6%	3,079	-2,635	443
TOTAL AT 31 DECEMBER		124,341	-4,099	120,241

2020	Weighted average loss rate	Trade receivables - gross	Credit loss allowance	Trade receivables - net
		€ x 1,000	€ x 1,000	€ x 1,000
Current (not past due)	0.3%	92,775	-310	92,465
Past due 0-90 days	4.5%	10,118	-456	9,661
Past due 91-360 days	25.8%	1,928	-497	1,431
Past due over 360 days	91.2%	5,112	-4,664	448
TOTAL AT 31 DECEMBER		109,932	-5,927	104,006

8. Working capital

The loss allowances for trade receivables reconciles to the opening loss allowances as follows:

	2021	2020
	€ x 1,000	€ x 1,000
BALANCE AT 1 JANUARY	5,927	9,401
Amounts written off	-2,005	-1,978
Credit losses recognized	224	-1,251
Effect of movement in exchange rates	-47	-245
BALANCE AT 31 DECEMBER	4,099	5,927

Other receivables

	2021	2020
	€ x 1,000	€ x 1,000
VAT receivable	12,057	2,225
Import duties receivable	122	2,890
Other taxes and social charges	1,265	482
Receivables from non-consolidated companies	701	727
Prepayments suppliers	8,184	3,940
Prepayments other	3,236	854
Bonus receivable	9,408	5,398
Other current assets	5,530	7,984
BALANCE AT 31 DECEMBER	40,503	24,499

Other receivables were assessed for impairment and impairment was deemed immaterial.

ACCOUNTING ESTIMATES TRADE RECEIVABLES

For trade receivables, Accell Group applies a simplified approach to the calculation of expected credit losses by recognizing a loss allowance based on lifetime expected credit losses at each reporting date. Individually significant trade receivables are tested for impairment on an individual basis. The remaining trade receivables are assessed collectively in groups that share similar credit risk characteristics and the days past due. Accell Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Accell Group makes estimates in the measurement of discount accruals, included in trade receivables. When customers are given discounts, these reduce the transaction price and consequently the revenue. The conditional discounts in revenue are estimated based on accumulated experience supported by historical and current sales information. Expected sales volumes are determined taking into account (historical) sales patterns and other relevant information. A discount accrual is recognized for expected volume and year-end discounts payable to customers in relation to sales made until the end of the reporting period.

ACCOUNTING ESTIMATES OTHER RECEIVABLES

For other receivables, Accell Group establishes an impairment loss allowance on a collective and individual assessment basis, by considering past events, current conditions and forecasts of future economic conditions using the general approach under IFRS 9.

Bonus receivables are the best estimate of the expected amount to be received from suppliers and are based on (annual) agreements. The bonus is usually a fixed or graduated percentage of the purchase value and advance payments received. When receipt of a bonus can be expected with a reasonable level of certainty, it is reflected in the carrying value of inventory or cost of goods sold.

ACCOUNTING POLICIES

Trade and other receivables are held in order to collect the related cash flows. These receivables are measured at fair value and subsequently at amortized cost less any impairment losses. Trade and other receivables are derecognized when substantially all risks and rewards are transferred or if Accell Group does not retain control over the receivables.

Impairment losses related to financial assets are presented separately in the consolidated income statement. When Accell Group considers that there are no realistic expectations of recovering a trade receivable, the relevant amount is written off. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with Accell Group, and a failure to make contractual payments for a period longer than 360 days past due. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

8. Working capital

8.3 Trade payables and other current liabilities

	2021	2020
	€ x 1,000	€ x 1,000
Trade payables	221,624	137,829
VAT payable	13,870	13,975
Import duties payable	542	473
Taxes on wages and social charges	3,550	4,067
Payables to non-consolidated companies	2,815	1,391
Personnel-related liabilities	16,660	13,249
Other invoices receivable	11,256	8,535
Interest and bank cost payable	1,263	639
Other current liabilities	4,976	6,752
BALANCE AT 31 DECEMBER	276,555	186,909

Accell Group operates one supply chain finance programme that enables participating suppliers to discount their invoices for earlier payment with a participating bank based on individual contractual agreements between the supplier and the participating bank. Trade payables at 31 December 2021 include an amount of € 25.7 million (2020: € 21.4 million) related to the participating suppliers.

ACCOUNTING JUDGEMENT

Accell Group has analyzed its supply chain finance programmes to determine whether it should derecognize its original liability, the trade payable to the supplier, and recognize a new interest-bearing liability to the bank. Based on the analysis of (a) the extinguishment criteria of the trade payable and/or (b) if the term of the trade payable had been substantially modified, Accell Group concluded that payment obligations to participating suppliers should remain in trade payables.

ACCOUNTING POLICY

Trade payables and other current liabilities are initially recognized at fair value (less any directly attributable transaction costs) and subsequently measured at amortized cost. A liability is recognized for the amount expected to be paid if Accell Group has a present legal or constructive obligation to pay this amount as a result of past service provided and the obligation can be reliably estimated. Trade payables and other liabilities are derecognized when the contractual obligation is either discharged or cancelled or has expired.

9. NET DEBT AND EQUITY

This note provides information on the contractual terms and conditions of the outstanding interest-bearing loans, other borrowings and net debt components and equity.

9.1 Net debt

	2021	2020
	€ x 1,000	€ x 1,000
Borrowings (non current)	126,204	184,749
Borrowings (current)	60,670	19,822
Total borrowings	186,874	204,571
Bank overdrafts	48,266	19,046
Cash and cash equivalents	-48,469	-173,376
Net debt excluding lease liabilities	186,671	50,241
Lease liabilities (non current)	20,498	20,158
Lease liabilities (current)	9,726	8,799
Net debt	216,895	79,199

9.1.1 Borrowings

	Currency	Interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
				2021	2021	2020	2020
				€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Term loan ¹⁾	EUR	1.7%	2024	110,000	109,511	110,000	108,536
Term loan (GO-C facility)	EUR	n.a.	2022	-	-	60,000	59,743
Term loan (Schuldschein)	EUR	3.5%	2024	15,000	14,963	15,000	14,932
Revolving credit facilities - Part I	EUR	variable		51,549	51,549	5,721	5,721
Borrowings under Group financing agreement				176,549	176,024	190,721	188,932
Other bank loans (secured)	EUR	1.4%	2027	1,292	1,292	1,487	1,487
Other bank loans (unsecured)	EUR	1.0%	2024	688	688	5,938	5,938
Revolving credit facilities - Part II	EUR	mixed		8,871	8,871	8,214	8,214
Total borrowings				187,399	186,874	206,360	204,571

¹⁾ This is the interest rate at 31 December 2021. Each quarter the interest rate is determined based on the terms and conditions.

9. Net debt and equity

OTHER BORROWINGS

In December 2016, Accell Group entered into a financing agreement for its Lapierre Experience Centre, which is a secured loan (mortgage) of € 1.3 million as at 31 December 2021 (2020: € 1.5 million). In April 2020, Lapierre borrowed € 5.0 million under the French COVID-19 relief programme for a tenor of one year which has been fully redeemed in 2021. In September 2020, Wiener Bike Parts borrowed € 1.0 million under a German sustainability programme for a tenor of four years at 31 December 2021 € 0.7 million (2020: € 0.9 million). In addition, since 2017 Accell Group has maintained its Turkish revolving credit facilities, which qualify as carve-out and permitted financial indebtedness in the Group financing agreement of € 8.9 million (2020: € 8.2 million).

BORROWINGS UNDER GROUP FINANCING AGREEMENT

In 2017, Accell Group entered into a financing agreement with a syndicate of six banks for the financing of the group. The banks participating in the syndicate are ABN AMRO Bank, BNP Paribas, Deutsche Bank, HSBC, ING Bank and Rabobank. The financing is unsecured and at 31 December 2021 consisted of € 125 million in term loans and a revolving credit facility ("RCF") of € 275 million (working capital financing). An optional (uncommitted) accordion facility for the remaining sum of € 100 million forms part of the existing financing agreement.

After Accell Group exercised the extension option in 2018 and 2019 the finance agreement expires in March 2024.

In March 2020, Accell Group increased the term loan facility by drawing € 50 million under the uncommitted accordion facility (increasing the term loan facility to € 125 million and reducing the accordion facility to € 100 million).

In June 2020, Accell Group entered into an amendment to the existing facilities agreement with its syndicate of banks. In addition, five syndicate banks provided Accell Group with an additional two-year amortizing term loan facility of € 115 million for the period from 30 June 2020 through 30 June 2022. The facility was drawn in June 2020 (€ 60 million) and in March 2021 (€ 55 million). This additional facility of € 115 million ("GO-C facility") was for 80% backed by a Dutch state guarantee in favour of the banks under the so-called GO-C scheme. Furthermore, the existing seasonal revolving credit facility of € 100 million, normally available from 1 December each year till 15 July next year, was amended so that it would remain available during the entire calendar year 2020.

In June 2021 (€ 23 million) and September 2021 (€ 23 million) contractual repayments were made under the GO-C facility and in December 2021 the remainder (€ 69 million) was fully repaid.

As a result, Accell went back to the pre-COVID 19 covenants and restrictions, such as on dividend payments, were lifted. Consistent with the change in seasonal patterns, Accell Group also reached agreement with its bank consortium to change its existing RCF arrangement from seasonal to full year availability for the term remaining.

In 2020 the margins on all existing facilities were increased by 30 bps; an extra increase of 10 bps applies to the seasonal RCF. The margins on all existing facilities were decreased by 30 bps as a result of the repayment of the GO-C facility in December 2021.

According to the GO-C facility, no cash dividend distributions shall be made, unless: (i) the GO-C facility is repaid and cancelled and the original financial covenants that applied prior to June 2020 are complied with; or (ii) each member of the bank syndicate consents to the distribution, such consent not to be unreasonably withheld (it being understood that the withholding of such consent will be deemed to be unreasonable where the GO-C facility is not repaid but the original financial covenants that applied prior to June 2020 are complied with, and Accell Group provides evidence that it has sufficient liquidity to meet its payment obligations in respect of the GO-C facility after the distribution).

All restrictions have been lifted as a result of the repayment of the GO-C facility in December 2021. Also the positive pledge has been released in January 2022 by the banking syndicate on receivables (including trade and intercompany receivables), inventory, IP, brand names, bank accounts, and other assets of Accell Group's Dutch and German subsidiaries as a result of the repayment of the GO-C facility.

9. Net debt and equity

TERMS AND CONDITIONS

Between January 2021 and 30 December 2021 following covenants were applicable::

1. The term loan (including the GO-C facility) leverage ratio has been waived for five consecutive quarters, starting 30 June 2020 and ending and including 30 June 2021; this ratio shall not exceed:
 - 4.64 in the 12-month period expiring 30 September 2021;
 - 3.11 in the 12-month period expiring 31 December 2021;
 - 2.50 in each 12-month periods expiring after 31 December 2021 (which was the original ratio).
2. The solvency ratio has been amended; this ratio shall be greater than:
 - 15.0% for the testing dates 30 June 2020 and 31 December 2020;
 - 16.2% for the testing date 30 June 2021;
 - 18.6% for the testing date 31 December 2021;
 - 25.0% for the testing dates after 31 December 2021 (which was the original ratio; testing takes place on a half-yearly basis over the previous twelve months on 30 June and 31 December).
3. The borrowing reference remains in place and is unchanged. The borrowing reference states that the net debt, after deduction of the outstanding amounts under the term loan (including Schuldschein and GO-C facility) and the working capital financing used for approved acquisitions, may not exceed the lowest of:
 - a. The sum of:
 - i. the highest of 50% of the carrying amount of the qualifying inventories minus the total trade creditors of Accell Group and zero; and
 - ii. 65% of the carrying amount of the qualifying trade debtors;
 - b. The revolving credit facility commitment made available under the financing agreement.

In addition, the following temporary covenants have been agreed upon:

1. Normalized EBITDA shall not be lower than:
 - /- € 30.0 million in the 12-month period expiring 30 June 2020;
 - /- € 58.9 million in the 12-month period expiring 30 September 2020;
 - /- € 70.6 million in the 12-month period expiring 31 December 2020;
 - /- € 51.4 million in the 12-month period expiring 31 March 2021;
 - + € 5.6 million in the 12-month period expiring 30 June 2021.
2. The liquidity (cash and available, undrawn commitments) shall not be less than € 25 million during the period through 31 March 2022 and as long as any amount under the GO-C facility is outstanding is to be tested on a quarterly basis.

As a result of the repayment of the GO-C on 31 December 2021 Accell went back to its pre-COVID 19 covenants:

- The term loan leverage ratio: Outstandings/EBITDA in respect of any relevant period shall be equal to or less than 2.50:1;
- Solvency: solvency in respect of any relevant period ending on 30 June and 31 December of each financial year of the Company shall be greater than 25% ;
- Borrowing Reference: The Aggregate Outstandings as at the end of any financial quarter of the Company shall not exceed the Borrowing Reference as at the end of any such financial quarter.

9. Net debt and equity

Term loan leverage ratio

The term loan leverage is determined by dividing the designated outstanding loans under the financing agreement by normalized EBITDA. The 'designated loans outstanding under the financing agreement' include the outstanding amounts under the € 125 million term loan (including Schuldschein) and the working capital financing insofar as used for the acquisition of companies (excluding acquired working capital). The latter is permitted with the approval of the bank syndicate. The GO-C loan was included in the designated loans outstanding from June 2020 until full repayment took place in December 2021.

EBITDA

EBITDA is the result from operating activities (EBIT) plus the amount of the amortization and depreciations on assets and the share in the result of non-consolidated participating interests. Normalized EBITDA is, with respect to a certain period, the EBITDA in that period adjusted for:

- EBITDA of acquired companies during the relevant period for the part of that period prior to the time of acquisition;
- EBITDA attributable to a group company (or any part of Accell Group) sold during the relevant period for the part prior to the date of sale;
- any exceptional, one off, non-recurring and extraordinary items which represent gains or losses including those arising on:
 - the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
 - disposals, revaluations, write downs or impairment of non-current assets or any reversal of any write down or impairment; and
 - disposals of assets associated with discontinued operations.

Solvency ratio

The solvency ratio is determined by net assets divided by balance sheet total, both adjusted for right-of-use assets, intangible assets and related deferred taxes. Solvency ratio may not be less than or equal to 25% (tested on a half-yearly basis over the previous twelve months).

Borrowing reference

The borrowing reference states that the net debt, after deduction of the outstanding amounts under the term loan (including Schuldschein), per 31 December 2021 € 125 million and the working capital financing used for approved acquisitions, may not exceed the lowest of:

- a. The sum of:
 - i. the highest of 50% of the carrying amount of the qualifying inventories minus the total trade creditors of Accell Group and zero; and
 - ii. 65% of the carrying amount of the qualifying trade debtors;
- b. The revolving credit facility commitment made available under the financing agreement.

Accell Group complied with the financial covenants in the group financing agreement as of 31 December 2021 and as of all earlier test dates.

9. Net debt and equity

RECONCILIATION OF MOVEMENTS IN BORROWINGS TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES 2021

	Revolving credit facilities	Term loans	Other bank loans	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
BALANCE AT 1 JANUARY 2021	13,936	183,211	7,425	204,571
Changes in financing cash flows:				
Proceeds from loans and borrowings	50,149	55,000	-	105,149
Transaction costs related to loans and borrowings	-	-7	-	-7
Repayment of borrowings	-1,959	-115,000	-5,446	-122,405
Total changes from financing cash flows	48,190	-60,007	-5,446	-17,263
The effect of changes in foreign exchange rates	-1,706	-	-	-1,706
Other liability-related changes:				
Changes as a result of the sale of subsidiaries	-	-	-	-
Interest expenses minus interest paid	-	1,271	-	1,271
Total liability-related other changes	46,485	-58,736	-5,446	-17,697
Total equity-related other changes	-	-	-	-
BALANCE AT 31 DECEMBER 2021	60,420	124,475	1,979	186,874

RECONCILIATION OF MOVEMENTS IN BORROWINGS TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES 2020

	Revolving credit facilities	Term loans	Other bank loans	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
BALANCE AT 1 JANUARY 2020	126,674	73,720	1,574	201,968
Changes in financing cash flows:				
Proceeds from loans and borrowings	81,799	110,000	5,938	197,736
Transaction costs related to loans and borrowings	-	-1,767	-	-1,767
Repayment of borrowings	-190,140	-	-87	-190,227
Total changes from financing cash flows	-108,342	108,233	5,851	5,742
The effect of changes in foreign exchange rates	-4,396	-	-	-4,396
Other liability-related changes:				
Changes as a result of the sale of subsidiaries	-	-	-	-
Interest expenses minus interest paid	-	1,258	-	1,258
Total liability-related other changes	-112,738	109,491	5,851	2,604
Total equity-related other changes	-	-	-	-
BALANCE AT 31 DECEMBER 2020	13,936	183,211	7,425	204,571

ACCOUNTING POLICY

Borrowings are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these borrowings are measured at amortized cost using the effective interest method. Revolving credit facilities, bank overdrafts and cash and cash equivalents are initially recognized at fair value and subsequently at amortized cost.

9. Net debt and equity

9.1.2 Bank overdrafts, cash and cash equivalents

Accell Group's centralized cash management, including foreign exchange management, is executed using cash pools, cash and bank overdrafts. Term loans and revolving credit facilities are held for financing purposes. The centralized cash management aims to optimize the cash allocation within Accell Group, where excess cash in one entity is made available to be used in another entity.

Cash pools are an important element of cash management. The cash pools are made available by banks that participate in the syndicate that provides the group financing. The cash pools consist of a large number of bank accounts with fluctuating balances per account. On a monthly basis, different bank accounts form the (gross) credit balance and (gross) debit balance per cash pool. The net balance of a single cash pool, if overdrawn, reduces the available amount from the revolving credit facility, has the same conditions as the revolving credit facility. As a result, cash pools are of a hybrid nature; on the one hand they are a cash management tool and on the other hand they have a bridging nature at specific times.

In addition to the cash pools, Accell Group has other regular bank accounts and bank overdrafts at its disposal. However, these accounts only represent a limited part of the net cash balance. One part of the bank accounts and bank overdrafts are with banks from the syndicate that provide the group financing; the other part is with local banks for specific purposes.

9. Net debt and equity

9.1.3 Lease liabilities

	2021	2020
	€ x 1,000	€ x 1,000
Lease liabilities non-current	20,498	20,158
Lease liabilities current	9,726	8,799
LEASE LIABILITIES AT 31 DECEMBER	30,224	28,957
LEASE LIABILITIES AT 1 JANUARY	28,957	30,223
Lease payments	-10,065	-10,149
Additions	10,779	5,844
Reassessment of lease liabilities and lease modifications	89	2,542
Unwind of the discount on the lease liabilities	491	521
Effect of foreign exchange rate changes	384	442
Currency translation	-412	-465
LEASE LIABILITIES AT 31 DECEMBER	30,224	28,957

The corresponding right-of-use assets are disclosed in [note 10.2](#).

The cash flows from the following items are not included in the lease liabilities at 31 December:

	2021	2020
	€ x 1,000	€ x 1,000
Extension options	4,383	4,383
Termination options	-560	-1,624
Leases not yet commenced but to which Accell Group is committed	1,459	77

9. Net debt and equity

The following costs related to leases are included in the consolidated income statement:

	2021	2020
	€ x 1,000	€ x 1,000
Depreciation of right-of-use assets (depreciations)	9,598	9,756
Unwind of the discount on the lease liabilities (net finance cost)	491	521
Loss (gain) related to lease modifications (depreciations)	-5	-9
Foreign exchange loss (gain) on lease liabilities (net finance cost)	384	442
Impairment of right-of-use assets (depreciations)	-	-
Short-term leases (other operating expenses)	1,168	1,372
Leases of low-value assets (other operating expenses)	246	385
Total	11,882	12,466

ACCOUNTING ESTIMATES AND JUDGEMENTS

Accell Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The lease term includes periods covered by an option to extend or to terminate early if Accell Group is reasonably certain to exercise that option. The incremental borrowing rate is determined each quarter based on current market interest rates per lease term and lease currency adjusted for Accell Group's annual budgeted loan spread, because all Accell Group financing is coordinated centrally.

ACCOUNTING POLICY

A right-of-use asset and a lease liability are recognized at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Accell Group's incremental borrowing rate. Generally, the incremental borrowing rate (IBR) is used as the discount rate. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from among other things a change in an index or rate, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or if the carrying amount of the right-of-use asset is reduced to zero an impairment loss is recognized in profit or loss.

9.2 Equity

The consolidated equity is equal to the equity in the company financial statements. The notes and movement schedules of equity are included in the company financial statements (see [note 19.4](#)).

Capital management

There were no major changes in Accell Group's approach to capital management in the year under review. The Board of Management's policy is to maintain a strong capital base, to maintain investor, creditor and market confidence and to sustain the future development of the business. Management monitors the return on capital and the level of dividends to ordinary shareholders.

To achieve this overall objective, Accell Group's capital management aims, among other things, to ensure that the company meets financial covenants attached to borrowings that define capital structure requirements. Accell Group complied with the financial covenants in the group financing agreement as of 31 December 2021 and as of all earlier test dates.

9. Net debt and equity

ACCOUNTING POLICY

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from equity. Income tax relating to the transaction costs of an equity transaction are accounted for in accordance with IAS 12.

9.3 Net finance cost

	2021	2020
	€ x 1,000	€ x 1,000
Interest income	-8,720	-8,408
Interest expenses	16,806	18,323
Bank fees	2,469	2,273
Currency results	13,136	637
Net finance cost	23,690	12,825

The currency results increased in 2021 compared to 2020 mainly due to the depreciation of the Turkish Lira. In 2020 the currency results included a positive effect for the reclassification of the foreign currency translation reserve of € 1.3 million upon the liquidation of Accell North America. The policy on interest and currency risks is covered in [note 13](#).

ACCOUNTING POLICY

Interest income or expenses are recognized as they accrue, using the effective interest method. Dividend income is recognized in profit or loss on the date that Accell Group's right to receive payment is established.

10. NON-CURRENT ASSETS

10.1 Property, plant and equipment

Cost

BALANCE AT 1 JANUARY 2020

Investments

Divestments

From / to under construction

Currency translation differences

BALANCE AT 1 JANUARY 2021

Investments

Divestments

From / to under construction

Reclassification ¹⁾

Currency translation differences

BALANCE AT 31 DECEMBER 2021

Land and buildings	Machinery and equipment	Under construction	Total property, plant and equipment
€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000

64,809	92,297	4,067	161,174
1,433	6,018	2,888	10,339
-	-157	-	-157
4,204	439	-4,644	-
-119	-193	1	-310
70,328	98,404	2,312	171,045
557	7,554	3,076	11,187
-2,826	-2,634	-8	-5,468
1,143	2,813	-3,955	-
-174	-2,335	-34	-2,543
421	-316	-12	93
69,448	103,485	1,379	174,312

Accumulated depreciation

BALANCE AT 1 JANUARY 2020

Depreciation

Divestments

BALANCE AT 1 JANUARY 2021

Depreciation

Divestments

Reclassification ¹⁾

Currency translation differences

BALANCE AT 31 DECEMBER 2021

23,506	73,242	-	96,748
1,322	6,913	-	8,235
-	-90	-	-90
24,828	80,065	-	104,893
1,426	7,491	-	8,917
-1,391	-2,603	-	-3,994
-218	-2,292	-	-2,510
227	-224	-	3
24,871	82,438	-	107,309

Carrying amount

BALANCE AT 1 JANUARY 2021

BALANCE AT 31 DECEMBER 2021

45,500	18,339	2,312	66,152
44,576	21,047	1,379	67,003

1) Reclassifications due to updating PPE administrations.

10. Non-current assets

Land and buildings with a carrying amount of € 4.6 million at 31 December 2021 (2020: € 4.5 million) have been pledged as security; on the one hand, to the trustees of the UK pension fund to the amount of € 2.9 million (2020: € 2.8 million) and, on the other hand, as security for a bank loan to the amount of € 1.7 million (2020: € 1.7 million).

Property under construction at 31 December 2021 represents € 1.1 million for Accell Hunland (moulds) and € 0.2 million for Wiener Bike Parts (building). Those assets are not yet ready for use.

ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates are required to determine the (remaining) useful lives of fixed assets. Useful lives are determined based on an asset's age, the frequency of its use, repair and maintenance policy, technological changes in production and expected restructurings.

The expected residual value is estimated per asset item and is the higher of the expected sales prices or the scrap value. The residual value is estimated based on recent market transactions involving the sale of similar items or on its material scrap value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives as Accell Group believes that straight-line depreciation most closely reflects the expected consumption pattern of the future economic benefits embodied in the asset.

ACCOUNTING POLICY

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on the disposal of an item of property, plant and equipment is recognized in profit or loss (depreciation). Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	40 years
Machinery and equipment	3 - 12 years

Property, plant and equipment is derecognized when it is sold or scrapped. Gains on sales are presented in other income (see [note 7.2](#)) and losses on sales are included in depreciation (see [note 7.5](#))

10. Non-current assets

10.2 Right-of-use assets

	Buildings	Machinery and equipment	Other tangible fixed assets	Total RoU assets
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
RIGHT-OF-USE ASSETS AT 1 JANUARY 2020	22,176	994	6,626	29,796
Additions	1,986	301	3,624	5,911
Depreciation for the period	-6,006	-375	-3,378	-9,759
Reassessment of lease liabilities and lease modifications	3,165	-121	-494	2,550
Currency translation	-340	-48	-53	-441
RIGHT-OF-USE ASSETS AT 1 JANUARY 2021	20,981	751	6,326	28,058
Additions	7,845	230	2,814	10,889
Depreciation for the period	-6,185	-276	-3,136	-9,598
Reassessment of lease liabilities and lease modifications	709	-52	-568	89
Currency translation	-169	-29	-6	-204
RIGHT-OF-USE ASSETS AT 31 DECEMBER 2021	23,180	624	5,429	29,234

Lease liabilities are disclosed in [note 9.1.3](#).

ACCOUNTING ESTIMATES AND JUDGEMENT

At the inception of a contract, Accell Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Accell Group has elected not to separate non-lease components and account for lease and non-lease components as a single lease component.

Right-of-use assets are depreciated to the earlier of the end of the useful life of the asset or the lease term using the straight-line method as Accell Group believes that this most closely reflects the expected consumption pattern of the future economic benefits. The lease term includes periods covered by an option to extend or to terminate early if Accell Group is reasonably certain to exercise that option.

ACCOUNTING POLICY

A right-of-use asset and a lease liability are recognized on the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset. The assets are depreciated over the lease term which currently varies from two to ten years. Right-of-use assets are tested for impairment.

10. Non-current assets

10.3 Goodwill and other intangible assets

	Goodwill	Brands	Customer lists and licenses	Software and development cost	Total intangible assets
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Cost					
BALANCE AT 1 JANUARY 2020	85,079	44,551	5,259	15,612	150,501
Investments	-	-	-	1,298	1,298
Divestments	-	-	-	-2,672	-2,672
Currency translation differences	-	122	-95	-	27
BALANCE AT 1 JANUARY 2021	85,079	44,673	5,164	14,239	149,155
Investments	-	-	-	1,281	1,281
Divestments	-	-	-	-1,102	-1,102
Reclassification	-	-	-	34	34
Currency translation differences	-	807	-76	-7	724
BALANCE AT 31 DECEMBER 2021	85,079	45,481	5,088	14,444	150,091
Accumulated depreciation					
BALANCE AT 1 JANUARY 2020	2,306	4,873	3,407	7,299	17,885
Amortization	-	693	310	2,001	3,005
Divestments	-	-	-	-2,672	-2,672
Impairment	-	300	-	3,636	3,936
BALANCE AT 1 JANUARY 2021	2,306	5,866	3,717	10,265	22,154
Amortization	-	693	296	1,750	2,740
Divestments	-	-	-	-1,082	-1,082
Impairment	-	-300	-	-	-300
BALANCE AT 31 DECEMBER 2021	2,306	6,260	4,013	10,934	23,512
Carrying amount					
BALANCE AT 1 JANUARY 2021	82,773	38,807	1,448	3,974	127,001
BALANCE AT 31 DECEMBER 2021	82,773	39,221	1,075	3,510	126,579

(A) GOODWILL

Goodwill is tested for impairment annually or more frequently if there are indications of impairment losses. For the purposes of this test, goodwill is allocated to cash-generating units (CGU's). Goodwill is allocated to the (group of) CGU's that is expected to benefit from the business combination from which the goodwill arose. The CGU's used in the assessment correspond with the operational segments and are Bikes and Parts.

10. Non-current assets

The carrying amount of goodwill at segment level is divided as follows:

	2021	2020
	€ x 1,000	€ x 1,000
Bikes	65,411	65,411
Parts	17,362	17,362
BALANCE AT 31 DECEMBER	82,773	82,773

GOODWILL IMPAIRMENT TESTING

The following main assumptions are used to determine the value-in-use of the segments Bikes and Parts and are based on expected developments in specific markets and countries and the forecasted impact for Accell Group:

	Bikes	Bikes	Parts	Parts
	2021	2020	2021	2020
Expected average annual, organic turnover growth in the plan period 2022-2024 (2020: 2021-2023)	10,0%	13,6%	8,9%	9,0%
Expected average operating margin in the plan period 2022-2024 (2020: 2021-2023)	8,5%	8,3%	8,3%	6,0%

After the plan period 2022-2024, cash flows are extrapolated using a perpetual growth rate of 0.0% (2020: 0.0%) which is equal to the risk-free interest rate with a minimum of zero (2021 actual -0.3%). The cash flows are discounted using a post-tax weighted average cost of capital of 6.2% (2020: 7.2%). The discounting rate applied corresponds with a pre-tax weighted average cost of capital of 8.5% (2020: 9.8%). The impairment test in 2021 showed a substantial headroom in goodwill for both segments Bikes and Parts.

SENSITIVITY TO CHANGES IN THE MAIN ASSUMPTIONS

Neither a 100 basis points adverse change in operating margin nor a 100 basis points higher discount rate resulted in a materially different outcome of the impairment test. Accell Group believes that any reasonably possible change in the main assumptions would not cause the carrying amount to exceed the recoverable amount of the cash-generating units Bikes or Parts.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The cash flow projections used in the value-in-use calculation for goodwill impairment testing contain various estimates and judgements (see table above). The robustness of the outcome of the goodwill impairment is tested via a sensitivity analysis on the main assumptions.

ACCOUNTING POLICY

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is tested annually for impairment. Impairment losses are recognized in profit or loss and are not reversed. Upon the disposal of a cash generating unit, the carrying amount of the goodwill attributed to that cash generating unit is taken into account in the calculation of the book profit or loss.

(B) BRANDS

The brands recognized at 31 December 2021 are included in the operating segment Bikes and consist primarily of the

10. Non-current assets

Raleigh (€ 19.5 million), Babboe (€ 8.0 million) and Ghost (€ 9.4 million) brands. In addition, the Nishiki, Carraro and Van Nicholas brands are valued at a total amount of € 2.3 million.

With the exception of the relatively young Babboe brand (2007), which has a definite useful life of 15 years, all brands have indefinite useful lives as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for Accell Group. The brands with indefinite useful lives are positioned in the middle and upper segments and have a long history and tradition in the regional and international markets in which they operate.

For the annual impairment testing for brands with an indefinite life, Accell Group applied the impairment test for the cash generating unit Bikes (see section (A) Goodwill) to test if brands should be impaired (2020: the income approach). In 2021 the impairment of Van Nicolas in 2020 of € 0.3 million was reversed.

ACCOUNTING POLICY

A brand is a group of complementary assets such as trademarks (or service marks) and their related trade names, formulas, recipes and technological expertise. Accell Group recognizes a group of complementary intangible assets comprising a brand as a single asset if the individual fair value of the complementary assets is not reliably measurable. Brands, commonly arising on the acquisition of subsidiaries, are measured at cost less any accumulated depreciation and accumulated impairment losses. Brands can have an indefinite or definite useful life.

Brands with an indefinite useful life are tested annually for impairment, or more frequently if there are indications of impairment losses (same for a brand with definite life).

Brands with a definite useful life are amortized on a straight-line basis over the estimated useful life. Accell Group believes that straight-line depreciation most closely reflects the expected consumption pattern of the future economic benefits embodied in the brand. Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(C) CUSTOMER LISTS AND LICENSES

The customer lists and licenses consist of the Turkish dealer network, an extension of a licensing agreement and Comet's customers. The useful life of these assets is estimated at 20 years, 10 years and 20 years respectively and have been amortized as from 2012, 2013 and 2015 onwards. There were no impairment losses in 2021.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Useful lives are determined based on the estimated remaining useful life of the customer relationships or the period of the contractual arrangements.

ACCOUNTING POLICY

Customer relationships and licenses that are acquired by Accell Group and have definite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated to write off the cost of these assets less their estimated residual values (nil) using the straight-line method over their estimated useful lives from the date they are available for use.

Amortization expenses and impairment losses are accounted for in the income statement within depreciation. Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

10. Non-current assets

(D) SOFTWARE AND DEVELOPMENT COST

These include capital expenditure on both software and development. In 2021, Accell Group invested € 1.1 million in software, primarily related to platforms and websites, and capitalized € 0.2 million of development costs related to cargo-bikes and e-bikes.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Useful lives are determined based on the estimates regarding technical and commercial developments.

ACCOUNTING POLICY

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and Accell Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, this expenditure is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Software is measured at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated to write off the cost of intangible assets less their estimated residual values (nil) using the straight-line method over their estimated useful lives from the date they are available for use.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values (nil) using the straight-line method over their estimated useful lives from the date they are available for use. Amortization expenses and impairment losses are accounted for in the income statement within depreciation. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimated useful lives are as follows:

Brands	Indefinite or 15 years
Customer lists	10 - 20 years
Licenses	10 years
Software	3 - 7 years
Development costs	3 - 5 years

10. Non-current assets

10.4 Equity-accounted investees

	2021	2020
Equity-accounted investees		
Atala SpA, Monza, Italy ¹⁾	50%	50%
Raleigh SA (Pty) Ltd, Kensington, South Africa ²⁾	20%	20%
Urbanvision BV, Amersfoort, The Netherlands ³⁾	0%	28%

1) Atala SpA is a joint venture active in the development and sale of bicycles under its own brands.

2) Raleigh SA (Pty) Ltd is an associate that is active in the marketing and sale of bicycles.

3) Urbanvision BV was sold on 1 June 2021.

These associates and joint ventures are of strategic nature; the voting rights are equal to the percentage interest held.

The changes in the equity-accounted investees were as follows:

	2021	2020
	€ x 1,000	€ x 1,000
BALANCE AT 1 JANUARY	6,433	5,469
Investments	-	-
Dividend	-886	-
Net income	2,747	1,008
Remeasurement gain / (loss) on previously held equity interest	-	-
Fair value of equity interest held before the business combination	-	-
Currency translation differences	-	-44
BALANCE AT 31 DECEMBER	8,294	6,433

Summary of the financial data for the interests in equity accounted investees:

	Atala SpA		Raleigh SA		Urbanvision BV	
	2021	2020	2021	2020	2021	2020
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Assets	39,982	32,607	2,769	3,263	n.a.	57
Liabilities	24,265	20,447	592	1,502	n.a.	53
Turnover	62,096	55,298	10,877	9,881	n.a.	-
Net income	5,004	3,021	414	494	n.a.	-1,901
Accell Group's share in net income	2,665	1,511	82	99	n.a.	-602
Share of Accell Group	50%	50%	20%	20%	0%	28%

10. Non-current assets

ACCOUNTING POLICY

Accell Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which Accell Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which Accell Group has joint control, whereby Accell Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include Accell Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, until the date on which significant influence or joint control ceases.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there is a favourable change in the estimates used to determine the recoverable amount.

10.5 Other financial assets

The other financial assets of € 1.8 million (2020: € 2.0 million) consist primarily of agreed upon postponed considerations of € 0.5 million (2020: € 0.8 million) to be received from the sale of the fitness business of Tunturi Oy (previously Tunturi Hellberg Oy) in 2017 and a postponed receivable with large bike business clients of € 0.8 million (2020: € 0.4 million).

ACCOUNTING ESTIMATES AND JUDGEMENTS

On each reporting date the impairment of other financial assets is determined using the general impairment model of IFRS 9 which estimates the credit losses over 12 months. The credit losses over the lifetime of the asset are only determined in the event of a significant increase in credit risk (e.g. more than 30 days overdue, change in credit rating). Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

ACCOUNTING POLICIES

Other financial assets are measured at fair value and subsequently at amortized cost less any impairment losses.

11. OTHER NON-CURRENT LIABILITIES

11.1 Provisions

	Warranties	Other provisions	Total 2021	Total 2020
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
BALANCE AT 1 JANUARY	10,527	4,828	15,355	11,037
Provisions used during the year	-5,901	-4,074	-9,974	-5,871
Provisions made during the year	6,882	1,008	7,891	11,449
Provisions reversed during the year	-1,672	-82	-1,754	-1,256
Currency translation differences	-12	1	-11	-4
BALANCE AT 31 DECEMBER	9,824	1,682	11,506	15,355
Non-current	4,545	11	4,557	4,507
Current	5,279	1,671	6,950	10,848

Warranty provisions represent the estimated costs under warranty obligations for goods delivered and services rendered as at the reporting date. The provision for warranty obligations is expected to have a duration of between one and five years. Other provisions are primarily related to an environmental provision, restructuring provisions and a legal provision with a duration of less than one year. Accell Group does not form a provision for product liability, because this risk is insured.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Accell Group needs to make estimates to determine the likelihood and timing of potential cash outflows. On the product liability front, Accell Group judges that the chance of cash outflows are highly unlikely, but has nevertheless insured this risk, so no product liability provisions are deemed necessary. The estimates of warranty provisions are based on historical warranty information. For large restructurings, management assesses the timing of the costs to be incurred, which influences the classification as current or non-current liabilities.

ACCOUNTING POLICY

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for restructuring is recognized when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Future operating losses are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

11. Other non-current liabilities

11.2 Defined benefit pension plans and other long-term employee benefits

	2021	2020
	€ x 1,000	€ x 1,000
Net defined benefit asset	8,816	21,096
Total employee benefit asset	8,816	21,096
Net defined benefit obligation	6,115	6,748
Other long-term employee benefits	1,957	1,909
Total employee benefit liabilities	8,072	8,657

DEFINED BENEFIT PLAN UNITED KINGDOM

Accell Group funds defined benefits for qualifying employees. The main defined benefit plan is the plan in the United Kingdom (UK), which accounts for approximately 92% of the defined benefit obligation and for more than 99% of the plan assets. The UK plan is subject to UK laws and is administered by a separate fund that is legally separated from the UK group company. The trustees of this fund are partly appointed by the company. Pension benefits are related to the member's salary and their length of pensionable service. Since December 2002, the defined benefit section of this pension plan has been closed to future accrual but active members retain a link to their salary increases. On the basis of the deed and rules of the UK plan the company has an unconditional right in the form of refunds when there is a surplus and the fund has no further obligations or in case when there is a surplus at the time when the plan is wound up.

The UK plan exposes the company to actuarial risks such as market risk, interest rate risk and inflation risk. The plan does not expose the company to any unusual plan-specific risk. The most recent triennial valuation of the plan was completed as at 5 April 2020 which revealed a surplus measured on the trustees' prudent funding target. As such the trustees chose to adopt a low-risk investment policy to protect this surplus from market movements. The plan's investment strategy in 2020 was to invest all of the plan's assets in matching assets, with approximately 12% of asset invested in corporate bonds, with the remaining 88% in liability driven investment (LDI) and cash designed to hedge against movements in the liabilities due to changes in interest rates and inflation expectations.

The trustees, in cooperation with the company, have sought to protect the good financial position of the plan and to remove the main remaining unhedged longevity risk. The trustees decided in 2021 to invest a significant part of the plan's assets in an insurance contract with the Legal & General Assurance Society that pays cashflows to the plan to cover benefit payments as they fall due. This insurance contract is held in the trustees' name and the company is still legally responsible for the benefits in the highly unlikely event that the insurer is not able to make a payment to the plan. The acquisition price for this insurance contract is € 14 million higher than the fair value of the defined benefit obligation it covers. The difference is the compensation demanded by the insurer to cover the actuarial and other risks of the plan and is recognized as loss on plan assets in other comprehensive income. This transaction is not considered a settlement, because it does not transfer any legal or constructive obligations from the company.

Guaranteed Minimum Pension (GMP-) equalization United Kingdom

In line with the 2018 Lloyds judgement which ruled that GMPs must be equalized across males and females, 2.2% was added to the liabilities on the measurement date. This is consistent with last year's approach. If the allowance for GMP equalization is changed to something other than 2.2%, the impact must be recognized through other comprehensive income.

11. Other non-current liabilities

OTHER DEFINED BENEFIT PLANS

In addition, Accell Group sponsors a funded defined benefit plan for qualified employees in Taiwan, a fixed unfunded defined benefit plan in Germany and an unfunded defined benefit plan in Hong Kong. Accell Group's defined benefit plans no longer involve contributions from employees, as the plans are mainly frozen.

The actuarial calculations were carried out at 31 December by actuaries from certified actuarial firms. The principal assumptions used for the purpose of the actuarial valuations are based on the following weighted averages:

	UK plan	Other	UK plan	Other
	2021	2021	2020	2020
Discount rate	1.8%	1.2%	1.3%	0.7%
Expected rates of salary increase	2.0%	1.1%	2.0%	0.9%
Inflation pre 2030	2.7%	2.4%	2.3%	2.3%
Inflation post 2030	3.1%	2.4%	2.7%	2.3%
Average longevity at retirement age for current pensioners (years):				
Males	21.3	20.2	21.5	20.1
Females	24.3	23.3	24.6	23.3
Average longevity at retirement age for current employees (years):				
Males	23.0	22.7	23.5	22.6
Females	26.1	25.2	26.7	25.3

Amounts recognized in the income statement in respect of these defined benefit plans are as follows:

	2021	2020
	€ x 1,000	€ x 1,000
Current service cost	77	39
Past service cost and losses (gains) from settlements	-8	45
Administration expense	146	192
Net interest expense (income)	-243	-371
Total expenses (income) defined benefit plans	-28	-95

11. Other non-current liabilities

Amounts recognized in other comprehensive income in respect of these defined benefit plans are as follows:

	2021	2020
	€ x 1,000	€ x 1,000
Remeasurement of the net defined benefit obligation (asset):		
Return on plan assets (excluding amounts included in net interest expenses)	18,871	-7,599
Actuarial losses (gains) from changes in demographic assumptions	-59	220
Actuarial losses (gains) arising from changes in financial assumptions	-3,376	6,137
Actuarial losses (gains) arising from experience adjustments	-1,998	2,082
Adjustments for restrictions on the defined benefit asset	-	-
Prior year(s) presentation adjustment	-	-
Remeasurement net defined benefit plans	13,438	840

The defined benefit obligation and fair value of plan assets are specified as follows:

	UK plan	Other	Total
	€ x 1,000	€ x 1,000	€ x 1,000
AT 31 DECEMBER 2020			
Present value of funded pension obligation	74,159	43	74,202
Minus: Fair value of plan assets	-95,145	-153	-95,298
Deficit/ (surplus)	-20,986	-110	-21,096
Present value of unfunded defined benefit obligations	-	6,748	6,748
Funded status	-20,986	6,638	-14,348
Restrictions on assets recognized	-	-	-
NET DEFINED BENEFIT OBLIGATION (ASSET) AT 31 DECEMBER 2020	-20,986	6,638	-14,348
AT 31 DECEMBER 2021			
Present value of funded pension obligation	72,318	69	72,387
Minus: Fair value of plan assets	-81,007	-196	-81,203
Deficit/ (surplus)	-8,689	-127	-8,816
Present value of unfunded defined benefit obligation	-	6,115	6,115
Funded status	-8,689	5,988	-2,701
Restrictions on assets recognized	-	-	-
NET DEFINED BENEFIT OBLIGATION (ASSET) AT 31 DECEMBER 2021	-8,689	5,988	-2,701

11. Other non-current liabilities

The movement in the present value of the defined benefit obligation was as follows:

	UK plan	Other	Total
	€ x 1,000	€ x 1,000	€ x 1,000
BALANCE AT 1 JANUARY 2020	72,585	6,475	79,060
Current service cost	-	39	39
Past service costs, including (gains)/losses from curtailments	45	-	45
Interest cost	1,325	48	1,373
Actuarial (gains) and losses arising from changes in demographic assumptions	220	-	220
Actuarial (gains) and losses arising from changes in financial assumptions	5,554	583	6,137
Actuarial (gains) and losses arising from experience adjustments	2,138	-56	2,082
Liabilities extinguished on settlements	-	-	-
Exchange differences on foreign plans	-3,981	-13	-3,994
Benefits paid	-3,727	-285	-4,012
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER 2020	74,159	6,791	80,950
Current service cost	-	77	77
Past service costs, including (gains)/losses from curtailments	-	-8	-8
Interest cost	1,016	48	1,064
Actuarial (gains) and losses arising from changes in demographic assumptions	-64	5	-59
Actuarial (gains) and losses arising from changes in financial assumptions	-2,943	-433	-3,376
Actuarial (gains) and losses arising from experience adjustments	-1,935	-49	-1,984
Liabilities extinguished on settlements	-	-	-
Exchange differences on foreign plans	5,690	60	5,750
Benefits paid	-3,604	-308	-3,912
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER 2021	72,318	6,184	78,502

11. Other non-current liabilities

The movement in the fair value of the plan assets was as follows:

	UK plan	Other	Total
	€ x 1,000	€ x 1,000	€ x 1,000
BALANCE AT 1 JANUARY 2020	94,926	125	95,051
Interest income	1,743	1	1,744
Remeasurement gain (loss):			
Return on plan assets (excluding amounts included in net interest expense)	7,592	7	7,599
Plan assets distributed on settlements	-	-	-
Contributions from the employer	104	22	126
Administration expense	-192	-	-192
Assets distributed on settlements	-	-	-
Exchange differences on foreign plans	-5,301	-2	-5,303
Benefits paid	-3,727	-	-3,727
FAIR VALUE OF THE PLAN ASSETS AT 31 DECEMBER 2020	95,145	153	95,298
Interest income	1,306	1	1,307
Remeasurement gain (loss):			
Return on plan assets (excluding amounts included in net interest expense)	-18,873	2	-18,871
Plan assets distributed on settlements	-	-	-
Contributions from the employer	-	25	25
Administration expense	-146	-	-146
Assets distributed on settlements	-	-	-
Exchange differences on foreign plans	7,179	15	7,194
Benefits paid	-3,604	-	-3,604
FAIR VALUE OF THE PLAN ASSETS AT 31 DECEMBER 2021	81,007	196	81,203

The fair value of the plan assets can be specified as follows:

	2021	2020
	€ x 1,000	€ x 1,000
Liability driven investment	4,151	76,889
Corporate bonds	-	12,126
Cash and cash equivalents	7,409	6,283
Insurance policy	69,643	-
Total debt securities and equity investments	81,203	95,298

The fair values of the above equity investments and debt securities are determined on the basis of quoted market prices in active markets. The average duration of the defined benefit obligation stood at 17 years at 31 December 2021 (2020: 17 years).

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and expected salary increases. The sensitivity analyses below have been determined on the basis of reasonably possible

11. Other non-current liabilities

changes of the respective assumptions at the end of the reporting period. The interdependence of inputs was not taken into account in the analyses:

	2021	2020
	€ x 1 million	€ x 1 million
Impact on defined benefit obligation		
Discount rate + 0.1%	-1.1	-1.1
Discount rate - 0.1%	1.1	1.1
Expected salary growth + 0.1%	0.4	0.4
Expected salary growth - 0.1%	-0.5	-0.5

The sensitivity analyses are prepared at the end of the reporting period using the same methods as applied in the defined benefit obligation in the balance sheet. The sensitivity analyses may not be representative of the actual change in the defined benefit obligation. It is unlikely that the changes in the assumptions would occur in isolation from each other, as some of the assumptions are correlated.

Accell Group expects to contribute € 20 thousand to the defined benefit plans in 2022.

OTHER LONG-TERM EMPLOYEE BENEFITS

Other long-term employee benefits relate to the provision for future anniversary bonuses and resignation payments in some countries. The provision is based on contractual obligations and assumptions with respect to expectations of death and resignation. The provision for deferred employee benefits is expected to have a duration of between one and five years.

ACCOUNTING ESTIMATES AND JUDGEMENTS

To make the actuarial calculations for the defined benefit plans, Accell Group needs to make use of assumptions regarding discount rates, future pension increases and life expectancy as described in this note. The actuarial calculations are made by external actuaries on the basis of inputs from observable market data, such as corporate bond returns and yield curves to determine the discount rates used, mortality tables to determine life expectancy and inflation numbers to determine future salary and pension growth assumptions.

ACCOUNTING POLICIES

DEFINED CONTRIBUTION PLANS

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

DEFINED BENEFIT PLANS

Accell Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

11. Other non-current liabilities

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for Accell Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. Accell Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. Accell Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

OTHER LONG-TERM EMPLOYEE BENEFITS

Accell Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

11.3 Deferred revenue

	2021	2020
	€ x 1,000	€ x 1,000
Non-current	2,209	1,529
Current	11,348	2,226
BALANCE AT 31 DECEMBER	13,557	3,755

In 2021, deferred revenue consists mainly of advance payments but also includes receipts in respect of extended warranty to be realized in the coming five years (2020: vice versa).

ACCOUNTING POLICY

The extended warranty fee received from insurance companies (a fee per insurance contract sold) is taken to deferred revenue and released to profit or loss over the time of the committed warranty service period on a straight-line basis.

Advance payments and unearned revenue, are recorded as a liability, until the services have been rendered or products have been delivered.

12. DERIVATIVES AND HEDGE ACCOUNTING

	2021	2020
	€ x 1,000	€ x 1,000
Current assets		
Forward exchange contracts - cash flow hedges	18,076	164
Current liabilities		
Forward exchange contracts - cash flow hedges	2,040	14,224
Interest rate swaps - cash flow hedges	893	1,619
Total derivative asset	15,144	-15,679

ACCOUNTING ESTIMATES

Accell Group makes estimates to determine the fair value of derivative financial instruments (see accounting policies in note 14).

ACCOUNTING POLICY

Accell Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures and not as speculative investments. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss except when the derivative is designated as a qualifying cash flow hedging instrument. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative.

I. CLASSIFICATION OF DERIVATIVES

Derivatives are only used for economic hedging purposes and not as speculative investments. The accounting policy for the cash flow hedges is set out in section iv.

II. HEDGE RESERVES

The hedge reserve relates to cash flow hedges and can be specified as follows:

	Cost of hedging	Spot component of currency forward	Interest rate swaps	Total cash flow hedge reserve
	€ x 1.000	€ x 1.000	€ x 1.000	€ x 1.000
BALANCE AT 1 JANUARY 2021	-1,262	7,562	1,215	7,515
Change in fair value of hedging instrument recognized in OCI	23	-21,846	-176	-21,999
Reclassified to the cost of inventory	99	1,906	-	2,005
Reclassified to profit or loss (ineffectiveness)	21	15	-	36
Reclassified from OCI to profit or loss - included in the net finance cost	-9	-	-550	-559
Deferred tax	-34	4,981	182	5,129
BALANCE AT 31 DECEMBER 2021	-1,161	-7,381	670	-7,872
BALANCE AT 1 JANUARY 2020	-848	-119	1,399	432
Change in fair value of hedging instrument recognized in OCI	-792	17,803	306	17,316
Reclassified to the cost of inventory	474	-7,566	-	-7,092
Reclassified to profit or loss (ineffectiveness)	-	5	-	5
Reclassified from OCI to profit or loss - included in the net finance cost	-234	-	-552	-786
Deferred tax	138	-2,561	61	-2,361
BALANCE AT 31 DECEMBER 2020	-1,262	7,562	1,215	7,515

In the year under review, there were no reclassifications from the cash flow hedge reserve to profit or loss with respect to the foreign currency forwards.

III. HEDGE EFFECTIVENESS

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument.

Forward exchange contracts

For hedges of foreign currency purchases (and sales), the group enters into hedge relationships where the critical terms of the hedging instrument exactly match the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer exactly match the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases (and sales), ineffectiveness may arise if the timing of the forecast transaction changes from the original estimate, or if there are changes in the credit risk of Accell Group or the derivative counterparty. In 2021 100% (2020: 99%) of the hedges were effective.

12. Derivatives and hedge accounting

Interest rate swap

Accell Group holds an interest rate swap that has the same critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. Accell Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps.

Hedge effectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. Accell Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by the upcoming interest rate benchmark reform (IBOR) as at 31 December 2020 and 2021. The hedged items and hedging instruments, with an underlying notional amount of € 85 million, continue to be indexed to Euribor. This benchmark rate is quoted each day and the IBOR cash flows are exchanged with counterparties as usual. The calculation methodology of Euribor changed during 2019 and was granted authorization in July 2019 by the Belgian Financial Services and Markets Authority. This allows market participants to continue to use Euribor for both existing and new contracts. Accell Group expects that Euribor will continue to exist as a benchmark rate for the foreseeable future. The impact on the financial statements of Accell Group is not expected to be material as the switch to the new benchmark will be at the same moment in time for the hedging instrument and the hedged item because the same counterparty is involved.

Ineffectiveness may occur due to:

- the credit value/debit value adjustment on the interest rate swaps not matching the loans, and
- differences in critical terms between the interest rate swaps and loans.

There was no ineffectiveness with respect to the interest rate swaps in 2021 and 2020, because all critical terms matched during the years.

IV. ACCOUNTING POLICY

When a derivative is designated and qualifies as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income (OCI) and accumulated in the hedging reserve. The cost of hedging is a separate component in the cash flow hedging reserve and reflects the gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognized in other comprehensive income and accounted for similarly to gains or losses in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- *When the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the deferred hedging gains and losses (including forward points) are included in the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss through cost of materials.*
- *The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.*

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

13. FINANCIAL RISK MANAGEMENT

This note explains Accell Group's exposure to financial risks and how these risks could affect its future financial performance. Current year profit and loss information has been included where relevant to add further context.

Financial risk management is predominantly controlled by the central treasury department ('Group Treasury') under policies approved by the Board of Management. Those policies cover specific areas, such as foreign exchange risk, interest rate risk and credit risk. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the group companies.

When all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in the recognition of interest expense at a fixed interest rate for the hedged floating rate loans and inventory at the fixed foreign currency rate for the hedged purchases.

RISK	EXPOSURE ARISING FROM	MEASUREMENT	MANAGEMENT
Market risk - foreign exchange	• Future commercial transactions • Recognized financial assets and liabilities not denominated in functional currencies	• Cash flow forecasting • Sensitivity analysis	• Foreign currency forwards
Market risk - interest rate	• Long-term borrowings at variable rates	• Sensitivity analysis	• Interest rate swaps
Credit risk	• Cash equivalents • Trade receivables • Derivative financial instruments	• Ageing analysis • Credit ratings	• Credit limits • Title of retention • Credit insurance for customers with open balances > € 100k • Strict receivables collection and management
Liquidity risk	• Borrowings and other liabilities	• Cash flow forecasting	• Availability of committed credit lines and borrowing facilities

A. Market risk

i. Foreign exchange risk

Exposure

Accell Group's exposure to foreign currency risk from recognized financial assets and liabilities not denominated in functional currencies at the end of the reporting period is limited as the significant exposure to USD, JPY and TWD are respectively 82%, 96% and 58% hedged with foreign currency forwards (see instruments used).

13. Financial risk management

Accell Group is also exposed to currency translation risks related to the Turkish Lira. Our manufacturing unit in Turkey is matching purchase and sales transactions per currency (mainly USD, EUR), but this can lead to timing mismatches and related currency translation effects between reporting periods. In 2021 this impact has increased due to the significant depreciation of the Turkish Lira in the last quarter and longer lead-times caused by supply chain disruptions.

Instruments used

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable purchase (or sales) transactions denominated in foreign currencies. The risk is hedged with the objective of minimizing the volatility of Accell Group's currency cost of highly probable forecasted transactions.

Accell Group's strategy is to hedge 75%-100% of its forecasted purchases in foreign currencies for one year ahead following a monthly rolling approach.

For the year ended 31 December 2021, approximately 89% (2020: 103%) of inventory purchases were hedged in respect of foreign currency risk. At 31 December 2021 100% (2020: 100%) of forecasted purchases (or sales) during 2021 qualified as 'highly probable' forecast transactions for hedge accounting purposes.

Accell Group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the group's policy the critical terms of the forwards must align with the hedged items.

Only the spot component of the FX forwards is designated in the hedge relationships and the fair value change is accounted for in the hedge reserve (as far as the hedging relation is effective). The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. It is discounted, where material. When the critical terms of the FX forward match the hedge item, the forward component is accounted for as cost of hedging. When there is a mismatch in critical terms, the forward component is recognized as cost of hedging to the extent that the forward element is related to the hedged item (aligned forward element). The remainder is recognized in the income statement.

Hedge of net investment in foreign entity

Due to its international operations Accell Group holds net investments in foreign operations, mainly in CHF, GBP, DKK and TRY and to a smaller extent in USD, TWD, CNY and SEK, and as such is exposed to foreign exchange risk. The risk management strategy is not to hedge the foreign exchange risk in net investments in foreign operations.

13. Financial risk management

Effects of hedge accounting on the financial position and performance

The effects of the foreign currency related hedging instruments on Accell Group's financial position and performance are as follows:

	USD		JPY		TWD		Other	
	2021	2020	2021	2020	2021	2020	2021	2020
Foreign currency forwards								
Hedge ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Carrying amount (€ x 1.000)	13,694	-9,720	-610	-3,160	2,217	-975	736	-205
Notional amount (€ x 1.000)	343,900	240,646	8,225,600	14,825,000	2,656,300	816,000		
Maturity date	Jan 2022 - Jan 2023	Jan 2021 - Jan 2022	Jan 2022 - Jan 2023	Jan 2021 - Jan 2022	Jan 2022 - Jan 2023	Jan 2021 - Jun 2021	Jan 2022 - Jan 2023	Jan 2021 - Jun 2021
Weighted average hedge rate for the year (including forward points)	1.20	1.17	130.11	122.98	32.11	32.61	n.a.	n.a.

ii. Cash flow and fair value interest rate risk

Accell Group's main interest rate risk arises from borrowings at variable rates, which exposes the group to cash flow interest rate risk. Accell Group manages its exposure to interest rate risk through the proportion of fixed and variable rate debt in its total debt portfolio. Such a proportion is determined once each year by the Board of Management on the recommendation of Group Treasury as part of the annual budget process. In 2021 and 2020, Accell Group's borrowings at variable rate were mainly denominated in euro.

Accell Group's borrowings and receivables are carried at amortized cost. The borrowings are periodically contractually repriced (see below) and to that extent are also exposed to the risk of future changes in market interest rates. The exposure of Accell Group's borrowing to interest rate changes and the contractual repricing dates of the borrowings at the end of the reporting period are as follows:

	2021	2021	2020	2020
	€ x 1,000	% of total loans	€ x 1,000	% of total loans
Bank overdrafts	48,266	21%	19,046	9%
Other borrowings - repricing dates:				
6 months or less	164,959	70%	177,256	79%
6-12 months	4,935	2%	9,891	4%
1-5 years	15,688	7%	15,938	7%
Over 5 years	1,292	1%	1,487	1%
Total interest-bearing liabilities	235,140	100%	223,618	100%

An analysis by maturities is provided in [note 9.1](#). The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

13. Financial risk management

Instruments used

The swap currently in place covers approximately 39% (2020: 41%) of the loan principal outstanding based on variable interest rates. The fixed interest rate of the swap is 0.64% (2020: 0.64%) and the variable margins of the loans are between 1.30% and 2.30% (2020: 1.20% and 2.3%) above the 3-month Euribor which at the end of the reporting period was -0.57% (2020: -0.55%). On the syndicate financing agreement (excluding GO-C facility) contains a floor of 0.0% regarding the 3-month Euribor.

The interest rate swap contract requires settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swap on the financial position and performance are as follows:

	2021	2020
Interest rate swaps		
Hedge ratio	1:1	1:1
Carrying amount (€ x 1.000)	893	1,619
Notional amount (€ x 1.000)	85,000	85,000
Maturity date	Mar 2024	Mar 2024
Weighted average hedged rate for the year (excluding margin):	0.64%	0.64%

iii. Sensitivity

In respect of foreign exchange risk Accell Group is primarily exposed to changes in the EURUSD and EURJPY and EURTWD exchange rates. The sensitivity of the profit or loss to changes in the exchange rates arises mainly from the unhedged portion (less than 25%) of highly probable purchase transactions denominated in USD, JPY and TWD. Equity changes as a result of profit or loss impact and from foreign exchange forward contracts designated as cash flow hedges. A strengthening of the EUR leads to a profit in profit or loss (foreign currency can be bought cheaper in the spot market) and to a loss in equity (profit or loss impact and the fair value of the forward contracts decreases). A weakening of the EUR leads to a loss in profit or loss (foreign currency must be bought more expensively in the spot market) and to a profit in equity (profit or loss impact and the fair value of the forward contracts increases).

The impact of foreign exchange risk from net investment risk is ignored.

In respect of interest rate risk, profit or loss is sensitive to higher/lower interest expenses from unhedged borrowings as a result of changes in interest rates. Equity changes as a result of profit or loss impact and an increase/decrease in the fair value of the cash flow hedges of borrowings through other comprehensive income. An increase in interest rates leads to a loss in the profit or loss (higher interest expense on unhedged borrowings) and to a profit in equity (profit or loss impact and the fair value of the interest rate swap increases). A decrease in interest rates leads to a profit in profit or loss (lower interest expense on unhedged borrowings) and a loss in equity (profit or loss impact and the fair value of interest rate swap decreases). This calculation ignores the floor in the interest rate swap. The sensitivity analysis demonstrates the effects of a change in the relevant variable holding all other variables constant.

13. Financial risk management

2021

	Profit before tax		Equity before taxes	
	Strengthening	Weakening	Strengthening	Weakening
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
EURUSD (5% movement)	3,102	-3,428	-11,304	12,494
EURJPY (5% movement)	2,885	-3,188	-1,131	1,250
EURTWD (5% movement)	139	-154	-2,854	3,154
Variable interest rate (100 bps movement)	-572	-	278	-850

B. Credit risk

Credit risk arises from cash and cash equivalents and favourable derivative financial instruments with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

i. Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a rating between B to AA- based on Fitch or S&P ratings are accepted.

If wholesalers and retailers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Management. Line management regularly monitors compliance with the credit limits set for wholesalers and retailers. Wholesalers and retailers with accounts receivables balances greater than € 0.1 million are required to be insured through Accell Group's global credit insurance programme. Sales to consumers are required to be settled in cash or using major credit cards, mitigating credit risk.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The derivative contracts are entered into with banks and financial institution counterparties that are rated A- to A+, based on Fitch or S&P ratings.

ii. Impairment of financial assets

Accell Group's trade receivables are subject to the simplified expected credit loss model (see [note 8.2](#)), while other financial assets, other receivables and cash and cash equivalents are subject to the general impairment requirements of IFRS 9. Like in 2020, the identified impairment loss was deemed immaterial.

C. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Group Treasury provides daily reporting on Accell Group's net debt position and usage of funding sources. Short-term and long-term cash flow forecasts are prepared on a monthly rolling basis. This includes projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Management has concluded that there are no events and conditions that may cast significant doubt on Accell Group's ability to continue as a going concern.

13. Financial risk management

i. Financing arrangements

Accell Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	Limit	Usage	Undrawn	Limit	Usage	Undrawn
	2021	2021	2021	2020	2020	2020
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Committed	402,000	221,662	180,338	515,000	201,768	313,232
Uncommitted	22,000	13,478	8,522	28,000	21,850	6,150
Total	424,000	235,140	188,860	543,000	223,618	319,382

Out of the € 275 million revolving credit facility, as set out in [note 9.1](#), € 75 million is allocated to bank overdraft facilities. The bank overdraft facilities may be drawn at any time and are committed at the same tenor as the long-term funding facilities. The overview of committed and uncommitted borrowing facilities excludes the optional (uncommitted) undrawn accordion facility for the remaining sum of € 100 million.

ii. Maturities of financial liabilities

The tables below show an analysis of Accell Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

13. Financial risk management

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

2021		Carrying amount	Total	< 1 year	1-5 year	> 5 year
Contractual cash flows						
	Notes	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Lease liabilities	9.1	30,224	30,224	9,726	18,319	2,179
Revolving credit facility	9.1	60,420	60,420	60,420	-	-
Bank overdrafts	9.1	48,266	48,266	48,266	-	-
Term loans (including Schuldschein)	9.1	124,475	129,385	2,007	127,378	-
Other bank loans	9.1	1,979	2,044	474	1,315	255
Trade and other payables	8.3	276,555	276,555	276,555	-	-
Non-derivative financial liabilities		541,919	546,894	397,448	147,012	2,434
Interest rate swaps used for hedging (net)	12	893	1,215	540	675	-
Forward exchange contracts used for hedging (net)	12	-16,037	-16,037	-16,321	284	-
Derivative financial liabilities (assets)		-15,144	-14,822	-15,781	959	-
2020						
Lease liabilities	9.1	28,957	30,036	8,799	18,389	2,848
Revolving credit facility	9.1	13,936	13,936	13,936	-	-
Bank overdrafts	9.1	19,046	19,046	19,046	-	-
Term loans (including Schuldschein)	9.1	183,211	192,594	39,125	153,469	-
Other bank loans	9.1	7,425	7,445	5,502	1,471	473
Trade and other payables	8.3	186,909	186,909	186,909	-	-
Non-derivative financial liabilities		439,484	449,967	273,318	173,329	3,321
Interest rate swaps used for hedging (net)	12	1,619	1,754	540	1,214	-
Forward exchange contracts used for hedging (net)	12	14,060	14,060	14,010	50	-
Derivative financial liabilities (assets)		15,679	15,814	14,550	1,264	-

14. FAIR VALUE MEASUREMENT

1. Accounting classification and fair values

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Fair value - hedging instruments	Loans and receivables	Other financial liabilities	Total fair value	Fair value hierarchy
		Carrying amount				
		2021	2021	2021	2021	
	Notes	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	
Forward exchange contracts used for hedging	12	18,076	-	-	18,076	Level 2
Financial assets measured at fair value		18,076	-	-	18,076	
Other financial assets	10.5	-	1,818	-	1,818	
Trade and other receivables	8.2	-	160,744	-	160,744	
Cash and cash equivalents		-	48,469	-	48,469	
Financial assets not measured at fair value		-	211,031	-	211,031	
Interest rate swaps used for hedging	12	893	-	-	893	Level 2
Forward exchange contracts used for hedging	12	2,040	-	-	2,040	Level 2
Financial liabilities measured at fair value		2,933	-	-	2,933	
Term loans	9.1	-	-	109,511	109,511	
Term loan (GO-C facility)	9.1	-	-	-	-	
Term loan (Schuldschein)	9.1	-	-	14,963	15,654	Level 2
Other bank loans (secured)	9.1	-	-	1,292	1,292	
Other bank loans (unsecured)	9.1	-	-	688	688	
Lease liabilities	9.1	-	-	30,224	30,224	
Revolving credit facility	9.1	-	-	60,420	60,420	
Bank overdrafts	9.1	-	-	48,266	48,266	
Trade payables and other current liabilities	8.3	-	-	276,555	276,555	
Financial liabilities not measured at fair value		-	-	541,919	542,610	

14. Fair value measurement

		Fair value - hedging instruments	Loans and receivables	Other financial liabilities	Total fair value	Fair value hierarchy
		Carrying amount				
		2020	2020	2020	2020	
	Notes	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	
Forward exchange contracts used for hedging	12	164	-	-	164	Level 2
Financial assets measured at fair value		164	-	-	164	
Other financial assets	10.5	-	1,958	-	1,958	
Trade and other receivables	8.2	-	128,505	-	128,505	
Cash and cash equivalents		-	173,376	-	173,376	
Financial assets not measured at fair value		-	303,839	-	303,839	
Interest rate swaps used for hedging	12	1,619	-	-	1,619	Level 2
Forward exchange contracts used for hedging	12	14,224	-	-	14,224	Level 2
Financial liabilities measured at fair value		15,843	-	-	15,843	
	9.1					
Term loans	9.1	-	-	108,536	108,536	
Term loan (GO-C facility)	9.1	-	-	59,743	59,743	
Term loan (Schuldschein)	9.1	-	-	14,932	15,981	Level 2
Other bank loans (secured)	9.1	-	-	1,487	1,487	
Other bank loans (unsecured)	9.1	-	-	5,938	5,938	
Lease liabilities	9.1	-	-	28,957	28,957	
Revolving credit facility	9.1	-	-	13,936	13,936	
Bank overdrafts	8.3	-	-	19,046	19,046	
Trade payables and other current liabilities		-	-	186,909	186,909	
Financial liabilities not measured at fair value		-	-	439,484	440,533	

2. Transfers between Level 1 and 2

There were no transfers from Level 1 to Level 2 or from Level 2 to Level 1 in 2021 (or 2020).

ACCOUNTING ESTIMATES REGARDING FAIR VALUE MEASUREMENT

I. VALUATION TECHNIQUES

The fair value of the forward exchange contracts and interest rate swaps is determined on the basis of inputs other than observable quoted rates/prices (level 2). Generally accepted valuation methods are used to determine fair value. The value determined in this way is equal to the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

Forward exchange contracts

Values are determined using the discounted future cash flow model. The fair value is determined using (interpolated) quoted forward exchange rates at the reporting date and discounted by the appropriate discount factor derived from the appropriate swap curve.

14. Fair value measurement

Interest rate swaps

Values are determined using the discounted future cash flow model. The market value of a swap is calculated as the sum of two different loans. In the event of a fixed – floating swap, the interest on the first loan is based on a fixed rate, while the interest on the second loan is based on a floating rate. Each individual loan (also known as the leg of a swap) has its own market value. This market value is the sum of the individual future cash flows, discounted by the appropriate discount factor. The individual future cash flows are based on the rate of the contract (fixed leg) or on a forward interest rate curve (floating leg). The fair value is subject to a credit risk adjustment that reflects the credit risk of Accell Group and of the counterparty.

Other financial liabilities

Values are determined using the discounted cash flow model. The valuation model takes into account the present value of expected payment, discounted using a risk-adjusted discount rate.

II. MEASUREMENT OF FAIR VALUES

A number of Accell Group's accounting policies and disclosures require fair value measurement, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, Accell Group uses observable market data as much as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Accell Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

15. TAX

15.1 Income tax

The effective corporate income tax charge comprises the following:

	2021	2020	2021	2020
	€ x 1,000	€ x 1,000	%	%
Current taxes	-17,044	-10,948		
Deferred taxes	-4,449	12,862		
Taxes in income statement	-21,493	1,914		
Taxes based on the weighted average applicable rate	-23,529	-16,141	25.7	25.7
Participation exemption	653	488	-0.7	-0.8
Benefits from tax facilities	-2	1	0.0	0.0
Deferred tax assets not carried forward	-2,289	-1,417	2.5	2.3
Derecognition of deferred tax assets	-145	-350	0.2	0.6
Utilization or recognition of deferred tax assets	4,034	17,396	-4.4	-27.7
Adjustment of current taxes of prior years	-558	-133	0.6	0.2
Adjustment of deferred taxes of prior years	230	648	-0.3	-1.0
Adjustment in tax rate	661	2,174	-0.7	-3.5
Non-deductible amounts	-548	-752	0.6	1.2
Taxes in income statement	-21,493	1,914	23.5	-3.0

The effective tax rate consists of the reported tax charge for the current year, divided by the profit before taxes. The effective tax rate in 2021 amounted to 23.5% (2020: -3.0%). The calculated weighted average tax rate of 25.7% declined to the effective tax rate of 23.5% primarily due to the addition of € 3.6 million in 2021 to the deferred tax asset. This relates to the partial recognition of the fiscal losses of Raleigh UK. The low effective tax rate in 2020 was mainly due to the recognition of the Dutch liquidation loss facility with regard to the US business. See [note 15.2](#) for more details on the recognition of the deferred tax assets.

ACCOUNTING POLICY

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

15. Tax

15.2 Deferred taxes

	2021	2020
	€ x 1,000	€ x 1,000
Deferred tax assets	31,179	38,450
Deferred tax liabilities	14,214	15,909
Net deferred taxes	16,965	22,541

The movement in the deferred tax assets was as follows:

	Loss carry forwards consolidated companies	Financial instruments	Net defined benefit obligation	Other long-term employee benefits	Brand valuation	Other deferred taxes	Total deferred tax assets
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
BALANCE AT 1 JANUARY 2020	23,904	144	1,024	469	-	307	25,848
Outgoing business combinations	-	-	-	-	-	-	-
Charged through other comprehensive income	-	2,361	63	-	-	-	2,424
Reclassification	7,347	-	-68	-34	595	1,817	9,657
Charged through income statement	2,567	-	-	-	-	-	2,567
Change in income tax rate	-2,430	-	-	-	-	-	-2,430
Transfer from/to current tax	157	-	-	-	-	330	487
Currency translation differences	3	-	-	-52	-	-54	-103
BALANCE AT 31 DECEMBER 2020	31,548	2,505	1,019	383	595	2,400	38,450
Outgoing business combinations	-	-	-	-	-	-	-
Charged through other comprehensive income	-	-2,505	-126	-	-	-	-2,631
Charged through income statement	-5,247	-	-62	81	-82	-245	-5,555
Change in income tax rate	738	-	-	-	-	-	738
Transfer from/to current tax	-	-	-	-	-	-	-
Reclassification	601	-	13	4	57	-277	398
Currency translation differences	-78	-	-	-66	-	-78	-221
BALANCE AT 31 DECEMBER 2021	27,562	0	844	403	570	1,800	31,179

15. Tax

The movement in the deferred tax liabilities was as follows:

	Revaluation of property, plant and equipment	Financial instruments	Brand valuation and customer lists	Net defined benefit asset	Other deferred taxes	Total deferred tax liabilities
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
BALANCE AT 1 JANUARY 2020	1,240	-	7,361	7,819	374	16,794
Added through business combination	-	-	-	-	-	-
Reclassification	-	-	-	-	323	323
Charged through other comprehensive income	-	-	-	-112	-	-112
Charged through income statement	3	-	-1,142	99	16	-1,024
Change in income tax rate	-	-	386	-	-	386
Transfer from/to current tax	-	-	-	-	-	-
Currency translation differences	7	-	-	-461	-5	-459
BALANCE AT 31 DECEMBER 2020	1,250	-	6,605	7,345	708	15,908
Added through business combinations	-	-	-	-	-	-
Reclassification	-	-	6	-	392	398
Charged through other comprehensive income	-	2,624	-	-4,876	-	-2,252
Charged through income statement	-199	-	-315	50	30	-434
Change in income tax rate	-	-	65	-	-	65
Transfer from/to current tax	-	-	-	-	-	-
Currency translation differences	-2	-	12	522	-3	529
BALANCE AT 31 DECEMBER 2021	1,049	2,624	6,373	3,041	1,127	14,214

Deferred tax assets and deferred tax liabilities are offset for the right-of-use assets and lease liabilities.

Unrecognized tax assets

For some subsidiaries Accell Group has insufficient assurance that future taxable profits will be available to realize the related tax benefits of carry forward losses of € 32.2 million (2020: € 44.7 million). As a result, no deferred tax assets are recognized for these carry forward losses. These unused carry forward losses are mainly carry forward losses in the United Kingdom and are partly related to the global results of the Raleigh group before the acquisition by Accell Group in 2012. In 2021 an amount of € 6.8 million fiscal loss regarding our manufacturing unit Bisiklet in Turkey was added to the unrecognized tax assets. The carry forward period of these unused tax benefits is indefinite for € 25.3 million (2020: € 44.5 million) and five years for € 6.8 million.

Recognized tax assets

The Group has recognized deferred tax assets for tax loss carry-forwards in several jurisdictions for the total amount of € 27.6 million (2020: € 31.5 million). The main jurisdictions in this respect are the Netherlands € 23.8 million (2020: € 29.7 million) and Raleigh UK € 3.6 million (2020: € 0).

15. Tax

The Netherlands

In 2019, Accell Group reached agreement with a private equity firm on the sale of its loss-making North American business and Accell North America LLC was liquidated on 27 October 2020. Accell Group incurred a liquidation loss of € 160.5 million. Accell Group currently expects qualification for the requirements of the Dutch liquidation loss facility. Due to the increased profitability of the Dutch fiscal unity management considers it probable that future taxable profits will be available against which these losses can be used, based on the business plans, profitability gained in the past and current estimates of future taxable profits. Therefore, management recognizes the full taxable effect as from 2020. This results, after deduction of taxable profits, in a deferred tax asset of € 23.8 million end of 2021 (2020: € 29.7 million). The Dutch corporate income tax rate has increased from 25.0% to 25.8% for coming years. This new legislation means that deferred tax assets for loss carry-forwards as per 31 December 2021 have been revalued, with an additional positive impact of € 0.7 million. The Dutch tax loss carry-forwards as per 31 December 2021 amounted to € 92.3 million (2020: € 118.7 million).

ACCOUNTING ESTIMATES AND JUDGEMENTS

The tax legislation in the countries in which Accell Group operates is often complex and subject to interpretation. Judgement is required to determine the current and deferred income tax position. New information may become available that causes Accell Group to change its judgement regarding the adequacy of existing tax liabilities and the recoverability of deferred tax assets; such changes will impact the income tax expense in the period that such a determination is made. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

ACCOUNTING POLICY

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;*
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that Accell Group is not able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;*
- taxable temporary differences arising on the initial recognition of goodwill.*

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Accell Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

16. OTHER

16.1 Dividend

The existing reservation and dividend policy reads: Accell aims for a stable dividend policy aimed at making at least 40% of the net operating profit available to shareholders.

On 24 January 2022, Accell Group and Sprint BidCo B.V. (the "Offeror", an entity controlled by investment funds of KKR) jointly announced that they had reached conditional agreement on a recommended all-cash public offer by the Offeror for all issued and outstanding shares in Accell Group N.V. at an offer price of € 58.00 (cum dividend) in cash per share. Cum dividend means that dividends with a record date prior to the settlement of the public offer will be deducted from the offer price of € 58.00 per share. For this reason, Accell Group will not propose a dividend payment in respect of the 2021 financial year to the General Meeting.

16.2 Off-balance sheet commitments

The total off-balance sheet commitments, presented at nominal value, consist of:

	Total	< 1 year	1-5 year	> 5 year	Total
	2021	2021	2021	2021	2020
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Operational lease commitments	321	244	67	10	297
Marketing and merchandising commitments	4,343	2,236	2,106	-	5,779
Other off-balance sheet commitments	7,234	3,962	3,272	-	11,958
Total	11,898	6,443	5,445	10	18,033

Accell Group has commitments from operating lease agreements for buildings and land, IT software and maintenance, machinery and vehicles for use in its normal business operations. The commitments arising from marketing and merchandising are primarily related to sponsoring obligations. The other liabilities not included in the balance sheet consist primarily of software licensing commitments and commitments related to e-commerce initiatives.

16.3 Contingent assets and liabilities

Accell Group's most significant contingent assets and liabilities are described below.

EARN-OUTS

In the Stock Purchase Agreement between Accell North America and Beeline Bikes Acquisition Company LLC is included an earn-out arrangement of 10% of the operation profit for each calendar year during the term 1 January 2021 till 31 December 2024. The earn-out for 2021 is nil.

In the Asset Purchase Agreement between (among others) Accell North America and Alta Cycling Group LLC is included an earn-out arrangement of 15% of the operating profits for each calendar year during the term 1 January 2022 till 31 December 2026, with a maximum amount of US\$ 15 million.

Accell Group has concluded a project agreement for future product developments with a manufacturer. This agreement includes a commitment on the part of Accell Group to purchase a number of products in return for exclusivity. In the event Accell Group does not (fully) comply with this purchase commitment, Accell Group is required to pay compensation for damages with a maximum of € 6 million.

OTHER CONTINGENT ASSETS AND LIABILITIES

Per 31 December 2021, Accell Group holds a contingent claim of € 0.9 million in respect of custom duties. Furthermore, Accell Group has provided a number of corporate/parent guarantees in the ordinary course of its business, together with a number of rental guarantees (€ 0.3 million).

16.4 Share-based payments

Accell Group has two conditional share plans and an option plan.

Conditional share plans

Accell Group has two active conditional share plans whereby conditional shares can be granted:

- share plan for members of the Board of Management which is included in the Remuneration Policy Board of Management Accell Group NV as approved by the General Meeting of Shareholders on 22 April 2020;
- share plan for a selected group of executives (active as of 1 January 2020).

For the former share plan for members of the Board of Management and directors of subsidiaries the granting ended in 2019 and therefore the last vesting took place in March 2021.

All plans are share-based payment plans with vesting conditions. The grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The conditions were incorporated into the fair value at the grant date by applying a discount to the valuation obtained. A third of the share plan for the selected group of executives vests after one year and another third vests in each of the following two years, subject to a negative adjustment based on the ex-post risk analysis and on continued employment with Accell Group until the variable remuneration is paid.

16. Other

The shares that have been conditionally granted comprise the following:

	Number at 31-12-20	Number at 31-12-21	Granting date	Expiry date	Share price at granting date x € 1	Fair value at granting date x € 1
Conditional shares						
Conditional shares granted in 2018 ¹⁾	950	-	08/03/2018	2-3 years	21.68	100,000
Conditional shares granted in 2019 ²⁾	21,816	-	06/03/2019	2 years	19.58	178,000
Conditional shares granted in 2020 ³⁾	14,458	10,078	01/01/2020	3 years	25.63	296,000
Conditional shares granted in 2020 ⁴⁾	23,680	17,280	05/03/2020	2 years	25.00	247,000
Conditional shares granted in 2021 ⁵⁾	-	28,921	04/03/2021	3 years	31.05	688,000
Conditional shares granted in 2021 ³⁾	-	17,285	01/01/2021	3 years	25.97	358,000

1) Conditionally granted to directors of subsidiaries.

2) All conditional shares were granted to members of the Board of Management.

3) All conditional shares were granted to selected executive employees.

4) Conditional shares granted to the Board of Management under the new plan were forfeited in 2020 based on their decision to waive those rights at the General meeting of shareholders on 22 April 2020. The granted shares presented are the compensation for the transition from the old share-based payment plan to the new share-based payment plan for the Board of Management. Due to Mr. Both leaving the company partial vesting took place and the remaining number of his conditional shares were forfeited.

5) A total of 39,613 conditional shares were granted to the Board of Management. Due to Mr. Both leaving the company partial vesting took place and the remaining number of his conditional shares were forfeited.

The fair value will be charged to the income statement according to the straight-line method spread over the period between the grant date and the time that the shares are made unconditional, whereby adjustment will be made for the expected number of shares to be distributed. After final award, a lock-up period of two years applies for members of the Board of Management and three years for directors of subsidiaries under the terminated plan.

Option plan

The granting under the option plan ceased after the approval of the new remuneration policy of the Board of Management at the General Meeting of Shareholders on 22 April 2020. The last grant under the option scheme for the Board of Management took place in March 2020. The Supervisory Board bases awards pursuant to the option scheme on the realisation of the targets agreed with the Board of Management. The outstanding and granted option rights are explained and specified in [note 16.5](#).

The fair value of the employee share options was measured using an option valuation model (Black-Scholes-Merton). Service and non-market performance conditions attached to the transactions were not taken into account in measuring fair value.

16. Other

The inputs used in the measurement of the fair values at the grant date of the equity-settled share-based payment plans were as follows:

	2021	2020
Expected volatility (weighted average)	n.a.	28.11%
Expected life (weighted average)	n.a.	3.8
Expected dividends	n.a.	1.20%
Risk-free interest rate (based on government bonds)	n.a.	-0.50%

Expected volatility was based on an evaluation of the historical volatility of the Accell Group N.V.'s share price, in particular over the historical period commensurate with the expected term. The expected term of the instruments is based on historical experience and general option holder behaviour.

The reconciliation to personnel expenses was as follows:

	2021	2020
	€ x 1,000	€ x 1,000
Conditional shares Board of Management 2019	134	89
Conditional shares Board of Management 2020	224	122
Conditional shares Board of Management 2021	198	-
Options Board of Management	-	29
Conditional shares management 2017	-	6
Conditional shares executives 2020	93	105
Conditional shares executives 2021	126	-
Total expense recognized in personnel expenses	775	351

In the event of the full exercise of the option entitlements granted to date and the vesting of the conditional shares the number of issued shares would increase by 0.3% (2020: 0.3%). According to company policy, the options and shares granted are not covered by the company's purchase of its own shares. In the event of equity-settlement, the company issues new shares at the moment options are exercised.

ACCOUNTING POLICY

The grant date fair value of equity-settled share-based payment awards granted to employees is recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

16.5 Remuneration of the Board of Management and the Supervisory Board

BOARD OF MANAGEMENT

The company's remuneration policy is reflected in the remuneration report that has been presented to the General Meeting of Shareholders for approval. The bonuses reflected in the financial statements relate to the financial year and depend on the targets set by the Supervisory Board. As announced on 22 April 2020 in the Annual Meeting of Shareholders, the members of the Board of Management have decided to refrain from any variable compensation over 2020, due to the impact of COVID-19 on society and on Accell Group in particular. In this context, the members of the Board of Management did not receive any STI remuneration or a LTI reward over 2020.

The remuneration of the individual members of the Board of Management is as follows:

	Salary	Fringe benefits	Termination benefit	Bonus	Pension contributions	Share-based payments	Total 2021	Total 2020
	in €	in €	in €	in €	in €	in €	in €	in €
A.H. Anbeek	503,000	16,079	-	223,465	119,379	274,273	1,136,196	731,339
R.S. Baldew	395,000	16,520	-	175,484	59,986	166,624	813,615	548,429
J.J. Both ¹⁾	332,000	30,500	332,000	-	70,224	115,363	880,088	482,304
Total	1,230,000	63,099	332,000	398,949	249,589	556,260	2,829,899	1,762,072

1) On 11 June 2021 Mr. Both stepped down as Chief Supply Chain Officer (CSCO) and member of the Board of Management but remained available as an advisor to the Company until 31 December 2021.

The stock option entitlements that have been granted comprise the following:

	Award date	Number at 01-01-21	Issued in 2021	Exercised 2021	Number at 31-12-21	Exercise price	Expiration date	Liability at 31-12-21
A.H. Anbeek	08/03/2018	1,850	-	-	1,850	21.68	08/03/2026	6,697
R.S. Baldew	06/03/2019	1,650	-	-	1,650	19.58	06/03/2027	5,247
R.S. Baldew	05/03/2020	6,350	-	-	6,350	25.00	05/03/2028	28,645
J.J. Both	08/03/2018	2,950	-	-2,950	-	21.68	08/03/2026	-
J.J. Both	09/03/2017	6,850	-	-6,850	-	22.05	09/03/2025	-
J.J. Both	24/02/2016	7,850	-	-7,850	-	18.96	24/02/2024	-
		27,500	-	-17,650	9,850			40,589

After awarding the options, the options vest immediately but remain in lock-up for three years. After the lock-up period there is an exercise period of five years. At 31 December 2021, the intrinsic value of the options was € 241,635, as the share price of Accell Group N.V. stood at € 48.00 which was higher than the exercise prices of the options. The exercise of the options took place on 12 March 2021 at a share price of € 33.88.

16. Other

The conditional shares that have been granted comprise the following:

	Award date	Number at 01-01-21	Granted in 2021	Vested 2021	Forfeited in 2021	Number at 31-12-21	Vesting date	Fair value at award date	Liability at 31-12-21
A.H. Anbeek	04/03/2021	-	16,200	-	-	16,200	04/03/2024	281,491	93,831
A.H. Anbeek	05/03/2020	9,680	-	-	-	9,680	05/03/2022	100,833	100,833
A.H. Anbeek	06/03/2019	12,155	-	-9,116	-3,039	-	06/03/2021	-	-
R.S. Baldew	04/03/2021	-	12,721	-	-	12,721	04/03/2024	221,040	73,680
R.S. Baldew	05/03/2020	7,600	-	-	-	7,600	05/03/2022	79,167	79,167
R.S. Baldew	06/03/2019	1,617	-	-1,213	-404	-	06/03/2021	-	-
J.J. Both	04/03/2021	-	10,692	-1,782	-8,910	-	04/03/2024	185,784	-
J.J. Both	05/03/2020	6,400	-	-3,200	-3,200	-	05/03/2022	66,667	-
J.J. Both	06/03/2019	8,044	-	-6,033	-2,011	-	06/03/2021	-	-
		45,496	39,613	-21,344	-17,564	46,201		934,982	347,511

The conditional shares that were granted in 2019 were partly forfeited due to the fact that the set performance criteria were not fully met. Due to Mr. Both leaving the company a pro-rata accelerated vesting took place for his outstanding granted conditional shares and the lock-up period for all vested shares was set to 1 January 2022.

After vesting, the shares are subject to a lock-up period of two years.

At the end of 2021 Mr. Anbeek held 7,000 freely available shares and 4,604 shares subject to lock-up in Accell Group N.V. and Mr. Baldew held 613 shares subject to lock-up in Accell Group N.V.

INTERNAL PAY RATIO

The pay ratio of the Board of Management compared with the average employee compensation in 2021 was 17:1 (2020: 13:1). The pay ratios can vary over time as a result of the Accell Group's annual performance. This performance impacts the remuneration of the Board of Management more than that of all other employees.

The ratio consists of the average remuneration of the Board of Management compared with the average cost of all other employees of Accell Group. The average remuneration of the Board of Management is calculated from the sum of the fixed salary, short-term incentives, share-based payments, pensions and other benefits of the three members (3 FTEs) of the Board of Management. The average cost of all other employees is calculated from the personnel costs (see [note 7.4](#)) and the average number of employees during the year (3,495 FTEs) minus 3 FTEs.

SUPERVISORY BOARD

The remuneration of the individual members of the Supervisory Board was as follows:

	2021	2020
	in €	in €
R. ter Haar (chairman as of 24 April 2019)	96,000	96,000
D. Jansen Heijtmajer	52,000	52,000
L. Volatier (appointed on 21 April 2021)	36,851	-
G. van de Weerdhof	52,000	52,000
E. van Wiechen (appointed on 21 April 2021)	36,242	-
P.B. Ernsting (until 21 April 2021)	17,333	52,000
A.J. Pasman (until 31 December 2019. Payment 2020 for advisory services until 22 April 2020)	-	16,098
Total	290,426	268,098

16.6 Related parties**IDENTIFICATION OF RELATED PARTIES**

In addition to the Board of Management and the Supervisory Board (see [note 16.5](#)) Accell Group recognizes related party relationships with its associates and joint ventures (see [note 19.3](#)).

ASSOCIATES AND JOINT VENTURES

The transactions during the financial year and balances outstanding at year-end between group companies and associates and joint ventures are presented below:

	Transaction values for the year		Balance outstanding at year-end	
	2021	2020	2021	2020
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Sale of goods and services				
Atala SpA	814	1,142	701	727
Purchase of goods				
Atala SpA	16,989	9,769	2,815	1,391
Dividends received				
Atala SpA	886	-	-	-

The amounts outstanding are not provided for and will be settled in cash and cash equivalents. No guarantees have been given or received. No expense has been recognized for bad or doubtful debts in respect of the amounts owed by related parties. All sales and purchases are priced on an arm's length basis. Transactions and balances between Accell Group and its non-consolidated companies have not been eliminated for consolidation purposes.

16. Other

16.7 Auditor fees

The total costs for the services rendered by KPMG Accountants N.V. and its network consist of:

	KPMG Accountants N.V.	Other KPMG network	Total KPMG	KPMG Accountants N.V.	Other KPMG network	Total KPMG
	2021	2021	2021	2020	2020	2020
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Audit of the financial statements	704	526	1,230	873	479	1,352
Other audit assignments	5	2	6	-	-	-
Tax services	-	21	21	-	18	18
Other non-audit services	-	4	4	-	-	-
Total costs	709	552	1,261	873	496	1,370

16.8 Subsequent events

In November 2021, Accell Group received an initial unsolicited proposal for all the shares of Accell Group from a consortium led by KKR. The Accell Group Board of Management subsequently followed a thorough process which led to the announcement of a recommended cash offer for Accell Group at an offer price of € 58.00 per share on 24 January 2022. It is expected that we will discuss the offer with our shareholders at the Extraordinary General Meeting of shareholders (EGM) in Q2 2022.

17. COMPANY BALANCE SHEET

Before profit appropriation (in thousands of euro)

	Notes	31/12/21	31/12/20
ASSETS			
Property, plant and equipment		349	432
Right-of-use-assets		37	92
Goodwill	19.1	10,502	10,502
Deferred tax assets	19.2	23,824	33,865
Financial fixed assets	19.3	606,463	534,677
Other investments		128	444
Non-current assets		641,303	580,012
Loans to group companies	19.6	281,300	135,354
Receivables from group companies	19.5	15,083	7,857
Current tax assets		2,098	2,431
Other receivables		3,064	504
Other financial instruments	19.7	18,076	164
Cash and cash equivalents		9,088	146,953
Current assets		328,709	293,263
Total assets		970,012	873,275
EQUITY			
Share capital		268	268
Share premium		42,157	42,314
Hedging reserve		7,872	-7,514
Translation reserve		-14,384	-17,289
Other legal reserve		6,158	4,290
Other reserves		344,104	289,055
Unappropriated result		69,974	64,829
Total equity	19.4	456,149	375,953
LONG-TERM LIABILITIES			
Borrowings	19.8	124,475	183,211
Loans from group companies		-	-
Lease liabilities		38	93
Deferred tax liabilities		2,624	-
Long-term liabilities		127,137	183,304
CURRENT LIABILITIES			
Revolving credit facility	19.8	40,000	-
Loans from group companies	19.6	336,906	296,290
Liabilities to group companies	19.5	4,077	59
Other current liabilities		2,004	1,826
Other financial instruments	19.7	2,933	15,843
Bank overdrafts		806	-
Current liabilities		386,726	314,018
Total equity and liabilities		970,012	873,275

The reference numbers following the various items refer to the notes to the company financial statements. The explanatory notes form an integral part of the financial statements.

18. COMPANY INCOME STATEMENT

(in thousands of euro)

	Notes	2021	2020
Net turnover	19.9	2,891	-
Personnel expenses	19.10	-3,998	-2,437
Net impairment losses on financial assets		-	2,107
Other expenses	19.11	-1,733	-2,566
Total operating expenses		-5,731	-2,896
Operating profit		-2,840	-2,896
Financial income		4,446	11,733
Financial expenses		-6,817	-10,992
Net finance cost	19.12	-2,371	741
Profit before taxes		-5,211	-2,155
Income tax expense	19.2	2,610	19,079
Income from subsidiaries, net of tax		72,575	46,627
Reclassification of foreign currency translation reserve	19.4	-	1,278
Net profit		69,974	64,829

The reference numbers following the various items refer to the notes to the company financial statements. The explanatory notes form an integral part of the financial statements.

19. NOTES TO THE COMPANY FINANCIAL STATEMENTS

A. GENERAL

The company financial statements are part of the 2021 financial statements of Accell Group N.V.

B. BASIS OF PREPARATION

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. To set the principles for the recognition and measurement of assets and liabilities and the determination of the result for its company financial statements, Accell Group makes use of the option provided in section 2:362(8) of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of Accell Group are the same as those applied for the consolidated EU-IFRS financial statements. See [note 6](#) Notes to the consolidated financial statements for a description of these principles.

I. MEASUREMENT OF PARTICIPATING INTERESTS

Participating interests in group companies are accounted for in the company financial statements according to the net equity value, with separate presentation of the goodwill component under intangible fixed assets.

Participations with a negative net asset value are valued at nil. If Accell Group N.V. guarantees the debts of the relevant participations, a provision is formed.

II. RESULT OF PARTICIPATING INTERESTS

The share in the result of participating interests consists of the share of Accell Group in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between Accell Group and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

19.1 Goodwill

Changes in goodwill were as follows:

	2021 € x 1,000	2020 € x 1,000
Cost		
BALANCE AT 1 JANUARY	10,502	10,502
Investments as a result of business combinations	-	-
Currency translation differences	-	-
BALANCE AT 31 DECEMBER	10,502	10,502
Accumulated impairments		
BALANCE AT 1 JANUARY	-	-
Impairments	-	-
BALANCE AT 31 DECEMBER	-	-
Carrying amount		
BALANCE AT 1 JANUARY	10,502	10,502
BALANCE AT 31 DECEMBER	10,502	10,502

19. Notes to the company financial statements

19.2 Deferred tax assets

Deferred tax assets of € 23.8 million (2020: € 29.7 million) relate to a liquidation loss (see [note 15.2](#) Deferred taxes of the consolidated financial statements).

19.3 Financial fixed assets

Changes in financial fixed assets were as follows:

	2021 € x 1,000	2020 € x 1,000
Subsidiaries		
BALANCE AT 1 JANUARY	495,495	454,093
Profit of participating interests	72,575	46,627
Investments (divestments)	-	75,514
Received dividend participating interests	-	-
Translation differences	2,904	-3,674
Actuarial gains and losses	-8,687	-666
Legal restructuring	-	-568
Reclassification subsidiary to provision ¹⁾	-	-72,857
Repayments of semi-permanent loans	-	-
Other movements	-10,051	-2,973
BALANCE AT 31 DECEMBER	552,236	495,495
Loans to group companies		
BALANCE AT 1 JANUARY	39,182	43,737
Loans provided	15,200	4,460
Loans repaid	-155	-9,015
Translation differences	-	-
BALANCE AT 31 DECEMBER	54,227	39,182
Total financial fixed assets	606,463	534,677

1) This adjustment led to the negative net asset value presented under provisions for Accell North America to be zero at 31 December 2020 due to the liquidation of this subsidiary on 27 October 2020.

19. Notes to the company financial statements

The long-term loans to group companies are provided as long-term financing and are interest-bearing with an interest rate of 2.7% from January until March and 3.1% from April until December (2020: 2.7%).

The 2021 consolidated financial statements include Accell Group N.V., in Heerenveen, as well as the financial information of the following companies:

	Participation Percentage
Consolidated subsidiaries	
Accell Asia Ltd (Taiwan Branch), Taipei, Taiwan	100%
Accell Asia Ltd, Hong Kong, People's Republic of China	100%
Accell Bisiklet Sanayi ve Ticaret A.S., Manisa, Turkey	100%
Accell Global B.V., Heerenveen, The Netherlands	100%
Accell Hunland Kft, Töszeg, Hungary	100%
Accell Nederland B.V., Heerenveen, The Netherlands	100%
Accell Suisse AG, Alpnach Dorf, Switzerland	100%
Baboe B.V., Amersfoort, The Netherlands	100%
Comet Distribuciones Comerciales S.L., Urnieta, Spain	100%
Cycles Lapierre S.A.S., Dijon, France	100%
E. Wiener Bike Parts GmbH, Sennfeld, Germany	100%
Ghost-Bikes GmbH, Waldsassen, Germany	100%
Raleigh UK Ltd, Nottingham, United Kingdom	100%
Swissbike Vertriebs GmbH, Alpnach Dorf, Switzerland	100%
Tunturi Oy Ltd, Turku, Finland	100%
Winora Staiger GmbH, Sennfeld, Germany	100%

Subsidiaries that are immaterial to the consolidated financial statements are not included in the overview above. A complete list of subsidiaries is filed with the Trade Register of the Chamber of Commerce in Leeuwarden, the Netherlands.

19.4 Shareholders' equity

The movements in shareholders' equity in 2021 were as follows:

	Share capital € x 1,000	Share premium € x 1,000	Hedging reserve € x 1,000	Translation reserve € x 1,000	Other legal reserve € x 1,000	Other reserve € x 1,000	Unappropriated result € x 1,000	Total equity € x 1,000
BALANCE AT 1 JANUARY 2021	268	42,314	-7,515	-17,288	4,290	289,055	64,829	375,953
Net profit	-	-	-	-	-	-	69,974	69,974
Other comprehensive income	-	-	15,387	2,904	-	-8,687	-	9,603
Total comprehensive income	-	-	15,387	2,904	-	-8,687	69,974	79,577
Transfer to other reserve	-	-	-	-	-	64,829	-64,829	-
Dividends paid	-	-	-	-	-	-	-	-
Share-based payments	0	-157	-	-	-	775	-	619
Other changes	-	-	-	-	1,868	-1,868	-	-
BALANCE AT 31 DECEMBER 2021	268	42,157	7,872	-14,384	6,158	344,104	69,974	456,149

The movements in shareholders' equity in 2020 were as follows:

	Share capital € x 1,000	Share premium € x 1,000	Hedging reserve € x 1,000	Translation reserve € x 1,000	Other legal reserve € x 1,000	Other reserve € x 1,000	Unappropriated result € x 1,000	Total equity € x 1,000
BALANCE AT 1 JANUARY 2020	268	42,314	-432	-12,607	2,615	288,232	2,804	323,195
Net profit	-	-	-	-	-	-	64,829	64,829
Other comprehensive income	-	-	-7,083	-4,681	-	-666	-	-12,430
Total comprehensive income	-	-	-7,083	-4,681	-	-666	64,829	52,399
Transfers to other reserves	-	-	-	-	-	2,804	-2,804	-
Dividends paid	-	-	-	-	-	-	-	-
Share-based payments	0	-0	-	-	-	351	-	351
Other changes	-	-	-	-	1,675	-1,667	-	8
BALANCE AT 31 DECEMBER 2020	268	42,314	-7,515	-17,288	4,290	289,055	64,829	375,953

Accell Group has issued share options ([note 16.4](#) Share-based payments of the consolidated financial statements).

ORDINARY SHARES

At 31 December 2021, the authorized capital consists of 55,000,000 ordinary shares, 5,000,000 cumulative preference shares F and 60,000,000 cumulative preference shares B, each with a nominal value of € 0.01. Of these, 26,836,619 (2020: 26,805,031) ordinary shares have been issued and duly paid at 31 December 2021. As a result, the issued and paid-up share capital amounted to € 268,366 (2020: € 268,050).

SHARE PREMIUM RESERVE

The share premium is the income from the issuing of shares in so far as this exceeds the nominal value of the shares (above par income).

HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

TRANSLATION RESERVE

The legal translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The income statement 2020 includes a reclassification gain of € 1.3 million related to the liquidation of Accell North America (2021: nil).

OTHER LEGAL RESERVES

Other legal reserves consist of a legal reserve for participating interests and a legal reserve for capitalized development costs.

The legal reserve for participating interests, which amounted to € 5.5 million (2020: € 3.6 million), pertains to participating interests that are accounted for according to the equity accounting method. The reserve represents the difference between the participating interests' retained profit and direct changes in equity, as determined on the basis of Accell Group's accounting policies, and the share thereof that Accell Group may distribute. The legal reserve is determined on an individual basis.

In accordance with applicable legal provisions, a legal reserve for the carrying amount of € 0.7 million (2020: € 0.7 million) has been recognized for capitalized development in the Netherlands.

PROPOSAL FOR PROFIT APPROPRIATION (UNAPPROPRIATED RESULT)

The Board of Management proposes to the General Meeting that the result after tax for 2021 of € 70.0 million (profit) should be allocated to the other reserves. The 2021 result after tax is presented as unappropriated profit in shareholders' equity.

DIVIDEND

The existing reservation and dividend policy reads: Accell aims for a stable dividend policy aimed at making at least 40% of the net operating profit available to shareholders.

19. Notes to the company financial statements

On 24 January 2022, Accell Group and Sprint BidCo B.V. (the "Offeror", an entity controlled by investment funds of KKR) jointly announced that they had reached conditional agreement on a recommended all-cash public offer by the Offeror for all issued and outstanding shares in Accell Group N.V. at an offer price of € 58.00 (cum dividend) in cash per share. Cum dividend means that dividends with a record date prior to the settlement of the public offer will be deducted from the offer price of € 58.00 per share. For this reason, Accell Group will not propose a dividend payment in respect of the 2021 financial year to the General Meeting.

19.5 Receivables from and liabilities to group companies

The receivables from and liabilities to group companies are current receivables and current liabilities (no interest).

19.6 Loans to and from group companies

The short-term loans to and from group companies relate to current accounts arising from cash management within Accell Group N.V. The loans are interest-bearing (3-month EURIBOR plus margin, with an applicable floor of 0% regarding the 3-month EURIBOR).

19.7 Other financial instruments

See [note 12](#) Derivatives and hedge accounting, [note 13](#) Financial risk management and [note 14](#) Fair values measurement of the consolidated financial statements for the note on other financial instruments; other financial instruments consist of forward exchange contracts (net financial asset) of €16.0 million (2020: net financial liability € 14.1 million) and interest rate swaps (financial liabilities) of € 0.9 million (2020: € 1.6 million), both used for hedging purposes.

19.8 Borrowings and revolving credit facility

See [note 9](#) Net debt, [note 13](#) Financial risk management and [note 14](#) Fair value measurement of the consolidated financial statements for the note on borrowings of € 124.5 million (2020: € 183.2 million) and for the term and conditions of the revolving credit facility of € 40.0 million (2020: nil). The revolving credit facility amount presented in the consolidated financial statements also includes the Turkish subsidiary. For the note on Accell Group's policies in respect of liquidity risk and market risk, consisting of currency risk and interest risk, see [note 13](#) Financial risk management of the consolidated financial statements.

19.9 Net turnover

In 2021 the net turnover comprised charges to group companies with regard to management fees.

19.10 Personnel expenses

Personnel expenses pertain to the Board of Management and Supervisory Board. The remuneration of the Board of Management, including pension charges as referred to in Section 2: 383, subsection 1 of the Dutch Civil Code, charged in the financial year to Accell Group N.V. amounted to € 2.8 million (2020: € 1.8 million) and to € 0.3 million (2020: € 0.3 million) for the members of the Supervisory Board. For more details on the remuneration of the Board of Management and the Supervisory Board see [note 16.5](#) Remuneration of the Board of Management and the Supervisory Board of the consolidated financial statements.

19. Notes to the company financial statements

Personnel costs also include, amongst others, temporary personnel costs of € 619 thousand (2020: nil) and an amount of € 219 thousand (2020: € 121 thousand) for conditional shares for executives. For details on this conditional share plan, see [note 16.4](#) Share-based payments of the consolidated financial statements.

19.11 Other expenses

Other expenses include IT costs, consultancy costs, audit costs and travel expenses.

19.12 Net finance cost

Financial income amounted to € 4.4 million (2020: € 11.7 million) and consists primarily of results from treasury activities for group companies and interest income related to loans to group companies. The financial expenses amounted to € 6.8 million (2020: € 11.0 million) and included interest expenses, bank fees and currency results on bank balances and overdrafts.

19.13 Contingent assets and liabilities

SEVERAL LIABILITY AND GUARANTEES

The legal entity Accell Group N.V. has issued declarations of joint and several liabilities for debts arising from the actions of Dutch consolidated participating interests. Notices to that effect have been filed with the Chamber of Commerce where the legal entity on whose behalf the notice of liability has been given is registered.

At 31 December 2021, Accell Group N.V. holds a group guarantee to the trustees of the UK defined benefit plan, whereby in the event of the bankruptcy of the UK subsidiary, Accell Group N.V. guarantees any deficits in the UK pension scheme up to a maximum of £ 8.7 million. In addition, Accell Group has provided a rental guarantee, whereby in the event of a bankruptcy of the Dutch subsidiary, Accell Group guarantees any rental income up to a maximum of € 1.4 million. The other contingent liabilities consist of a number of smaller customs guarantees, bank guarantees and rental guarantees totalling € 3.3 million.

In addition, declarations of joint and several liability have been issued for debts to suppliers arising from the purchase transactions of consolidated participating interests.

EARN-OUTS

In the Stock Purchase Agreement between Accell North America and Beeline Bikes Acquisition Company LLC is included an earn-out arrangement of 10% of the Operation Profit for each calendar year during the term 1 January 2021 till 31 December 2024. The earn-out for 2021 is nil.

In the Asset Purchase Agreement between (amongst others) Accell North America and Alta Cycling Group LLC is included an earn-out arrangement of 15% of the operating profit for each calendar year during the term 1 January 2022 till 31 December 2026, with a maximum amount of US\$ 15 million.

FISCAL UNITY

The Company constitutes the fiscal unity 'Accell Group N.V.' with its subsidiaries for corporate income tax purposes and value added tax; the standard conditions prescribe that each of the companies is liable for the corporate income tax payable by all companies belonging to the fiscal unity.

19.14 Subsequent events

In November 2021, Accell Group received an initial unsolicited proposal for all the shares of Accell Group from a consortium led by KKR. The Accell Group Board of Management subsequently followed a thorough process which led to the announcement of a recommended cash offer for Accell Group at an offer price of € 58.00 per share on 24 January 2022. It is expected that we will discuss the offer with our shareholders at the Extraordinary General Meeting of shareholders (EGM) in Q2 2022.

SUPERVISORY BOARD

R. ter Haar, chairman
G. van de Weerdhof, vice-chairman
D. Jansen Heijtmajer
L. Volatier
E. van Wiechen

BOARD OF MANAGEMENT

A.H. Anbeek, CEO
R.S. Baldew, CFO
F. Gamboni, CSCO

Heerenveen, 3 March 2022

PARIS

FIFTEEN-MINUTE CITY THANKS TO *LE VÉLO*

In 2020, armed with a playbook for more livable neighbourhoods, Anne Hidalgo fights for her second term as mayor of Paris. The bicycle is central in her plan: as means of transport and metaphor for a more accessible and cleaner city. She wins the election outright.

Soon after she began her first term as mayor of Paris in 2014, Hidalgo set aside € 150 million to improve the city's cycling infrastructure. This resulted in, among other things, 300 kilometres of new cycle paths along the river Seine and on boulevards, and - mainly thanks to the corona pandemic - many more fellow citizens going by bike. During her second term she is taking things a step further.

FIFTEEN MINUTES

The success of Hidalgo's 2020 election campaign is partially due to a radical plan: *Ville Du Quart d'Heure* (The 15-minute City). The main principle is that every Parisian should be able to access all basic services within a quarter of an hour: on foot, by bike, or by public transport. The move is a reaction against the urban planning of cities such as Paris which were primarily designed to worship the automobile. With broad roads slicing through the city and plenty of parking facilities.

*HIDALGO WANTS
BETTER LIVABILITY
AND IS CHANGING
COURSE: FROM
'CITY PLANNING'
TO 'LIFE PLANNING'*





Hidalgo wants better livability and is changing course: from “city planning” to “life planning”. So, no big shopping malls on the outskirts of the city, but smaller shops in neighbourhoods. Narrower through roads and parks or playgrounds instead of parking spaces. All that in order to achieve cleaner air and more space for residents.

BROAD PLAN

Hidalgo unveiled her plans in a well-known Parisian bike shop. That was no coincidence, because the bicycle has a leading role in the 15-minute city. The city council is making an additional € 250 million available up until 2026 for 450 kilometres of new main cycling routes and the construction of a dense network of cycle paths between Paris and the nearby urban regions. There are also numerous other initiatives to stimulate cycling. Young Parisians are learning cycle safety at primary school, 15 regions will get do-it-yourself bike garages and cyclists, along with trams and buses, will have priority during “green waves” for traffic lights. Cars can wait.

MEASURES AGAINST THEFT AND VANDALISM

The new initiatives have suffered some growing pains. The number of bike thefts rose by 7% in 2020 compared with the previous year. This is the main reason most Parisians (81%) give for not using the bicycle. The city council reacted by freeing up a substantial amount of the

cycling budget to provide more and better bike parking facilities. More bikes inevitably mean more abandoned bike wrecks. The council tackled this by teaming up with an organization which collects the wrecks and restores them or breaks them into useable spare parts. In 2020 more than 800 bikes gained a new lease on life.

PARIS' BICYCLE REVOLUTION IN NUMBERS

- 1,100 km of cycle paths in 2021 (2001: 200 km)
- on average 47% more cyclists between 2019 and 2020
- 60,000 bike racks (2021)
- 60,000 car parking spaces replaced by cycle paths alongside the major boulevards (2021)
- € 70 million invested in cycle paths (2015-2020)
- € 6 million for bike garages (2015-2020)
- 29% more bike shops (between 2017 and 2020)

Sources: www.paris.fr, www.micromobiliteit.nl and www.fietsenparijs.nl

OTHER INFORMATION / APPENDICES

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Shareholders and the Supervisory Board of Accell Group N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Accell Group N.V. as at 31 December 2021 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Accell Group N.V. as at 31 December 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

WHAT WE HAVE AUDITED

We have audited the financial statements 2021 of Accell Group N.V. (the Company) based in Heerenveen, The Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2021;
- the following consolidated statements for 2021: the income statement, the statement of comprehensive income, statement of cash flows and changes in equity; and
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2021;
- the company income statement for 2021; and
- the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Accell Group N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations, climate and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AUDIT APPROACH

Summary

Materiality
— Materiality of EUR 4.0 million — 4.4% of profit before tax
Group audit
— Audit coverage of 89% of total assets — Audit coverage of 85% of revenue
Going concern, Fraud/Noclar and Climate
— Going concern: no significant going concern risks identified. — Fraud & Non-compliance with laws and regulations (Noclar): we identified the following risks: management override of controls and revenue recognition. — Climate: Management has performed an assessment on possible future effects of climate change and their anticipated outcomes as part of its regular risk management procedures. We have considered the impact of climate-related risks on our identification and assessment of risks of material misstatement in the financial statements.
Key audit matters
— Pension plan Raleigh UK
Opinion
Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 4.0 million (2020: EUR 3.0 million). The materiality is determined with reference to profit before tax (4.4%). We consider profit before tax as the most appropriate benchmark because the company is a profit oriented company and the main

stakeholders are primarily focused on profit. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 200,000 would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Accell Group N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Accell Group N.V.

Our group audit is mainly focused on components where account balances are of significant size, have significant risks of material misstatement to the group associated with them or are considered significant for other reasons.

We have:

- performed full scope audit procedures (audit of the complete reporting package) on the financial information for the components in the Netherlands, Germany, France, the United Kingdom, Turkey, Spain and Hungary;
- performed specified audit procedures related to inventory in Denmark and Finland;
- performed specific audit procedures at group level aimed at amongst others deferred taxes, goodwill and other intangible assets and derivatives;
- sent detailed instructions to all component auditors, including the significant areas that should be covered (which included the relevant risks of material misstatement) and set out the information required to be reported to the group auditor. We performed file reviews of components in the Netherlands, the United Kingdom, Turkey and Spain and held various telephone calls with the auditors of the components, to discuss the group audit, significant risks, audit approach and instructions, as well as the audit findings and observations reported to the group auditor.

In view of restrictions on the movement of people across borders, and also within significantly COVID-19 affected countries, the group audit team has considered making changes to the planned audit approach to evaluate the component auditors' communications and the adequacy of their work. According to our original audit plan, we intended to visit the components in countries United Kingdom, Turkey and Spain to review selected component auditor documentation. Due to the aforementioned restrictions, this was not practicable in the current environment. As a result, we have requested those component auditors to provide us with access to audit workpapers to perform these evaluations. In addition, due to the inability to arrange in-person meetings with such component auditors, we have increased the use of alternative methods of communication with them, including through written instructions, exchange of emails and virtual meetings. During these meetings and email conversations, the audit approach, findings and observations reported to the group audit team were discussed in more detail.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

For the residual population not in scope we performed analytical procedures in order to corroborate that our scoping remained appropriate throughout the audit.

The audit coverage as stated in the section summary can be further specified as follows:

TOTAL ASSETS

88%

Audit of the complete reporting package

1%

Specified audit procedures

REVENUE

85%

Audit of the complete reporting package

0%

Specified audit procedures

Audit response to going concern - no significant going concern risks identified

As explained on page 180 of the financial statements the management board has performed its going concern assessment and has not identified any going concern risks. To assess the management board's assessment, we have performed among other things, the following procedures:

- we considered whether the management board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we evaluated whether the management board's assessment of going concern is adequately disclosed in the financial statements;
- we analyzed the operating results forecast and the related cash flows compared to the previous financial year, developments in the business sector and any information of which we are aware as a result of our audit;
- we analysed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to the risk of fraud and non-compliance with laws and regulations

In the chapter Governance and Compliance of the annual report the management board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and the Supervisory Board reflects on this.

As part of our audit, we have gained insights into Accell Group N.V. and its business environment, and assessed the design and implementation of the Accell Group N.V.'s risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Accell Group N.V.'s code of conduct, whistleblowing procedures and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we

performed relevant inquiries with management, the Supervisory Board and other relevant functions, such as Internal Audit and Legal Counsel. As part of our audit procedures, we:

- evaluated the Code of conduct Committee reports on indications of possible fraud and non-compliance;
- evaluated correspondence with supervisory authorities and regulators as well as legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to Accell Group N.V. and identified the following areas as those most likely to have a material indirect effect on the financial statements:

- consumer product law, including product safety and product liability claims (reflecting the nature of the Accell Group N.V.'s product base);
- health and safety law (reflecting the nature of the Accell Group N.V.'s production and distribution processes);
- anti-bribery and corruption laws and regulations (reflecting the Accell Group N.V.'s significant and geographically operations);
- environmental law (reflecting environmental impact restrictions, waste and contamination related to the Accell Group N.V.'s production and distribution processes).

We, together with our forensics specialists, evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

– Management override of controls (a presumed risk)

RISK:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- Fraud risk relates to management override and alteration of financial results to meet external expectations, to maintain/increase current stock price and to realize contingent compensation.
- The fraud risk relates to high-risk manual journal entries and significant accounts with high judgment for which management may rationalize unrealistic or unreliable assumptions in developing an estimate.

RESPONSES:

- Test of design and implementation and, depending on circumstances test the operating effectiveness of related controls over journal entries and post-closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the appropriateness of the accounting for significant transactions that are outside the component's normal course of business, or are otherwise unusual. We assessed the accounting for the buy-in of the pension plan at Raleigh UK, for details we refer to our key audit matter.
- Search for fraudulent journal entries with characteristics that make them susceptible to fraud using KPMG data analytics and perform detailed testing on these journal entries based on supporting documentation.
- We incorporated elements of unpredictability in our audit, including review of the declarations of Board Members.

– Revenue recognition (a presumed risk)

RISK:

We identified a risk of fraud related to manual adjustments to revenue, which presents an opportunity and/or incentive for management to inappropriately increase revenue in order to improve profitability.

RESPONSES:

- Test of design and implementation, and depending on circumstances, test the operating effectiveness of related controls.
- Search for fraudulent manual journal entries to revenues.
- Search for fictitious sales using KPMG data analytics to match sales invoices to related orders and dispatch notes at the transaction level, and investigate unmatched transactions as these could be an indication of a manual adjustment.
- Assess whether credit notes issued after year-end are recognized in the correct period.

Our procedures to address the identified risks of fraud and related to non-compliance with laws and regulations did not result in a key audit matter.

We communicated our risk assessment, audit responses and results to management and the Audit Committee of the Supervisory Board. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to climate-related risks

The management board is responsible for preparing the financial statements in accordance with the applicable financial reporting framework, including considering whether the implications from climate-related risks and commitments have been appropriately accounted for and disclosed.

The management board has performed its analysis of the impact of climate-related risks on the company's business and operations going forward and on its accounting in the current financial statements as part of its regular risk management procedures. These risk management procedures are disclosed in chapter 'Risk Management' of the annual report.

The evaluation of the effectiveness of management's strategy against internal or external goals set is not in scope of our audit of the financial statements. As part of our audit we consider potential effects of climate-related risks on the accounts and disclosures, including estimates and judgements in the current year's financial statements to determine whether the financial statements are free from material misstatements. This includes discussion of the company's strategy in relation to climate change with management and those charged with governance and inspecting minutes and external communications for significant climate related commitments, strategies and plans made by the management board.

OUR KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Supervisory Board. The key audit matter is not a comprehensive reflection of all matters discussed.

Compared to last year the key audit matter with respect to the valuation of deferred tax asset related to the liquidation losses of Accell North America is no longer included as a key audit matter as this only applied to the 2020 financial statements.

Accounting Pension Plan Raleigh UK

Description

The UK group company funds a defined benefit pension scheme for qualifying employees. This plan is subject to specific UK laws and is administered by a separate fund that is legally separated from the UK group company. The plan has an asset and liability with a net value of EUR 20,986 million at 31 December 2020. Refer to note 11.2 of the consolidated financial statements.

In 2021 the Board of Trustees of the trust, decided to move to a 'buy in' to safeguard pensions for its members. This buy in is an insurance policy to cover the benefits promised to the members of a scheme. This removes the majority of risks associated with the scheme, however the legal responsibility for paying the benefits still lies with the scheme and ultimately the UK group company. A buy-in contract with L&G is signed on 28 September 2021.

We identified this as a key audit matter, as the classification of the deal and the accompanying accounting under EU-IFRS (IAS 19), could significantly impact the consolidated financial statements. Management deems this is a buy-in without settlement. As a result of this contract, the net impact of EUR 14 million, has been recorded in Other Comprehensive Income.

Our response

- Inspect and reconcile the contract with the insurance company.
- Assess, challenge and test the appropriateness of the Board of Management's assumptions relating to classification of the insurance deal.
- Assess the appropriateness of accounting for the buy in as well as the presentation in the financial statements, in accordance with EU-IFRS (IAS 19).
- Involve a pension specialists in the UK in our team to assist us with our audit procedures.

Our observation

- We found management approach to the classification of the insurance contract to be appropriate.
- We determined that the accounting followed, including presentation in the financial statements, is in accordance with EU-IFRS.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Board of management is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (AND ESEF)

ENGAGEMENT

We were engaged by the General Meeting of Shareholders as auditor of Accell Group N.V. on 26 April 2016, for the audit for the year 2016 and have operated as statutory auditor ever since that financial year.

NO PROHIBITED NON-AUDIT SERVICES

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

Accell Group N.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in the XHTML format, including the partially tagged consolidated financial statements as included in the reporting package by Accell Group N.V., has been prepared in all material respects in accordance with the RTS on ESEF.

The Board of Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, is in accordance with the RTS on ESEF.

Our procedures taking into consideration Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Management, under supervision of the Supervisory Board is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in appendix of this auditor's report. This description forms part of our auditor's report.

Groningen, 3 March 2022

KPMG Accountants N.V.

R.W. van Dijk RA

Appendix:

Description of our responsibilities for the audit of the financial statements

APPENDIX

DESCRIPTION OF OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Accell Group N.V.'s internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management
- concluding on the appropriateness of the Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Accell Group N.V.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

STATUTORY PROVISIONS RELATED TO PROFIT APPROPRIATION

ARTICLE 25 (IN PART)

Section 4

Subject to the approval of the Supervisory Board, the Board of Management is authorised to determine which proportion of the profit will be reserved after payment of dividend to holders of both preference shares B and preference shares F.

Section 5

The profit then remaining shall be at the disposal of the General Meeting of Shareholders for holders of ordinary shares. At the proposal of the Board of Management, approved by the Supervisory Board, the General Meeting of Shareholders may decide to make any dividend to holders of ordinary shares payable not in cash, but rather in part or entirely in shares in the company's capital.

ADDITIONAL DISCLOSURES

HISTORICAL OVERVIEW

in millions of euro, unless stated otherwise

	2021	2020	2019	2018	2017
Result					
Net turnover ¹⁾	1,377.1	1,296.5	1,111.0	1,033.3	1,068.5
Operating profit (EBIT) ¹⁾	110.1	74.7	60.0	51.4	38.0
Depreciation, amortisation and impairments ¹⁾	21.0	24.9	26.2	11.3	11.1
EBITDA ¹⁾	131.0	99.7	86.1	62.7	49.1
Net finance cost ¹⁾	-23.7	-12.8	-9.3	-7.6	-8.2
Taxes ¹⁾	21.5	-1.9	-8.2	15.7	19.7
Result after taxes from discontinued operations			-56.5	-18.8	
Net profit	70.0	64.8	2.8	20.3	10.5
Balance sheet					
Balance sheet total	1,059.7	879.6	859.2	761.9	705.3
Property, plant and equipment	67.0	66.2	64.4	66.5	69.4
Average capital employed ²⁾	555.9	511.3	528.2	476.9	474.3
Group equity	456.1	376.0	323.2	322.4	299.3
Net debt	216.9	79.2	265.3	151.8	161.0
Net debt adjusted ³⁾	186.7	50.2	235.1	151.8	161.0
Data per share (in euros)					
Group equity	17.00	14.03	12.09	12.18	11.47
Net profit ⁴⁾	2.61	2.42	0.10	0.76	0.39
Dividend ⁵⁾	-	-	-	0.50	0.50
Closing price of share	48.00	25.85	25.80	18.84	23.43

Historical overview

	2021	2020	2019	2018	2017
Ratios (in %)					
EBIT/Average capital employed ¹⁾	19.8	14.6	11.4	10.8	8.0
Operating profit/turnover ¹⁾	8.0	5.8	5.4	5.0	3.6
Net profit/turnover ¹⁾	5.1	5.0	0.3	2.0	1.0
Solvency (based on group capital)	43.0	42.7	37.6	42.3	42.4
Net debt/EBITDA ¹⁾	1.7	0.8	3.1	3.4	3.3
Working capital/turnover ^{1) 6)}	33.1	19.4	32.4	28.0	29.5
Other information					
Average number of employees (fte) ¹⁾	3,495	3,139	3,410	3,227	3,088
Number of issued shares at year-end	26,836,619	26,805,031	26,802,751	26,597,354	26,255,179
Weighted average number of issued shares	26,829,592	26,804,632	26,726,268	26,474,308	26,101,222
Market capitalization	1,288.2	692.9	691.5	501.1	615.2

1) The 2018 figure has been restated due to the classification of North America as a discontinued operation (see Annual Report 2019 note 6.16.1).

2) Capital employed is the sum of Goodwill and other intangible fixed assets, Property, plant and equipment, Right-of-use assets, Inventories, Trade and other current receivables and Trade payables and other current liabilities.

3) Net debt adjusted is the reported net debt adjusted for the IFRS 16 impact.

4) The net profit per share is calculated based on the weighted average number of issued shares. The net profit per share for the years 2015-2019 has been adjusted for the dilution resulting from the issue of stock dividend charged to the share premium reserve in accordance with the International Financial Reporting Standards (IAS33). The adjustment factor that was applied in the reporting year for 2020 and for previous years is 1.00000.

5) The dividend per share relating to the financial year 2021 concerns the proposal to be submitted to the General Meeting of Shareholders.

6) The turnover 2018 is excluding US business (see note 1), Working capital 2018 is including US business, the ratio both excluding US business would be 26.3.

BERLIN

3,000 KILOMETRES OF CYCLE PATHS

Germany is well-known as a car-loving country. But the car's status as a sacred cow appears no longer invincible among the many environmentally conscious Germans. This is particularly the case in cities. By contrast, the bicycle is growing in popularity, when it never really had a large fan-base in Germany. The cycling infrastructure plan launched by Berlin city council end-2021 illustrates this rise of *des Fahrrads*.

"With this network, we are setting the standard for the development of Berlin as a cycling capital. We are making the city more environmentally and climate-friendly by making cycling more attractive and safer, also for long distances." Grünen-Politikerin Senator Regine Günther, responsible for Environment, Transport and Climate Protection in Berlin.

The cycling plan provides a network which replaces routes from the 1990s. The focus lies on expanding and improving the cycling infrastructure. The number of kilometres of cycle paths will double to around 3,000 km, with significantly higher quality and safety standards than in the past.

**TRAFFIC SURVEYS
TAKEN IN JUNE 2020
SHOWED AN INCREASE
IN BICYCLE TRAFFIC OF
26.5% COMPARED WITH
THE PREVIOUS YEAR**





This includes around 100 km of high-speed cycling superhighways linking Berlin's suburbs with the city centre. The cycling traffic plan also promotes the combined use of bikes and public transport, including extra bicycle parking facilities at metro stations. The city is also making it easier for cyclists by providing a standardized booking, access and billing system. Berlin aims to increase the share of cycling traffic with this plan to at least 23% (from 18%) of all journeys made in the city by 2030.

SAFETY

Cyclists literally get more room in these new plans. To protect them from motorized traffic, the bike paths will be between 2.3 and 3 metres wide. Research shows that it is primarily the fear of accidents which prevent Berliners from cycling.

CYCLING REFERENDUM UNNECESSARY

In 2016, a group of Berlin residents decided to organize a referendum due to their dissatisfaction with the city council's traffic policy and cycling infrastructure. Within only a couple of weeks, the Volksentscheid Fahrrad had collected the required 100,000 signatures. The initiative clearly had a lot of support. But in the end, there was no referendum: Berlin city council elections resulted in a coalition of SPD, Die Linke and Die Grünen which immediately adopted many of the group's recommendations in their coalition agreement. With an extra budget of € 200 million, the council promised to create more bicycle paths, improve junctions and build bike parking facilities. In addition, the Berlin Mobility Act was introduced in 2018, which states that future urban traffic plans must give higher priority to public transport and the bicycle, than to cars.

TAILWIND

Coincidence or not, the cycling plan captures today's zeitgeist. The pandemic was a game changer for Berlin, as it was for many other European cities. In 2020, people who wanted to avoid infection on public transport collectively jumped on their bikes. Traffic surveys taken in June 2020 at 16 urban locations showed an increase in bicycle traffic of 26.5% compared with the previous year. Bike shops saw their diaries crammed with repair appointments and delivery times for new bikes increased sharply. A health crisis managed in just a couple of days to achieve something which Berlin's cycling lobbyists had failed to accomplish through years of activism: car lanes were partially converted to cycle paths. If cyclists will retain this newly conquered tarmac remains to be seen, but they certainly have a tailwind.

Sources: www.berlin.de, www.tagesspiegel.de, www.fietzersbond.nl and www.duitslandinstituut.nl

OUR PREMIUM BRANDS



Lapierre (1946) stands for top sporting performances, top quality and groundbreaking innovations with a touch of French panache. The Pro Tour Road Team and the Enduro World Team have been hugely successful riding Lapierre bicycles. The Lapierre bike makers have proven their immense technical know-how with the development of the Overvolt e-bike models. The Lapierre brand stands for passion and performance, both on the road and on the trails.

Raleigh is one of the world's oldest and best-known bicycle brands. Established back in 1887 in Nottingham, Raleigh has long been an iconic part of cycling culture in Great Britain. We have been helping people to enjoy the great joy of cycling, and enabling people to do more of what they love for over 130 years. Raleigh's purpose is simple: we want to spread the very unique sort of joy that comes from cycling. A contagious joy that is created through a mixture of freedom, fun, excitement and discovery.

Haibike (founded in 1995) quite literally turned the ePerformance segment on its head. Started with the groundbreaking launch of the first ever eMTB 10 years ago, Haibike continued as a true ePerformance pioneer. Driven by innovation & design Haibike offers e-bikes for everyday users, adventure travellers to highly sporty racers.



The Carqon logo features a stylized 'C' icon followed by the word 'CARQON' in a bold, sans-serif font.

Carqon was founded with the ambition to develop a superior cargo bike that sets a new standard in comfort, design, functionality and technology.

Carqon has been successfully introduced in 2020 and is now available via Carqon.com and at Carqon dealers in the Netherlands, Belgium, France, Germany and Denmark.

The Sparta logo consists of the word 'SPARTA' in a bold, sans-serif font, followed by a stylized 'S' icon.

Sparta (1917) offers innovative e-bikes and speed pedelecs that boost your commute to work, helping people to outsmart traffic and arrive at their destination full of energy.

The XLC logo features the letters 'XLC' in a bold, italicized, sans-serif font.

XLC (2003) is the strong proprietary brand for Accell Group's bicycle parts and accessories business. XLC serves customer demand right across Europe and beyond with an extensive range of bike parts and accessories. Whether you want to set off on trail adventures in the forest, experience the thrill of speed on your road bike or simply enjoy quality time with your kids riding through the local park, XLC makes sure you can easily find the bike parts and accessories you need to start or continue your cycling adventure.



GHOST

WINORA

BATAVUS

Ghost (1993) produces trendsetting bicycles which stand out thanks to their innovations and new technologies that are designed to put people first. The sporting successes of the Ghost Factory Racing Team and the Ghost AIVIR competition boost the awareness of this internationally active brand with German roots.

Winora (founded 1914) has been known for more than a century as a manufacturer of bicycles for the whole family, from the smallest children's bike to city and urban or touring bikes, right through to the latest in e-bikes. Our long tradition and commitment to quality and safety, award-winning, modern designs and ever-evolving technology make Winora a trusted brand with focus on city and urban (e-) mobility.

Batavus has been one of the strongest and best known Dutch bike brands since 1904. Batavus develops a wide range of extremely comfortable and durable high-quality bicycles with smart and useful innovations that makes cycling carefree and more fun.





Babboe, the number one cargo bike worldwide, has been developing safe and affordable cargo bikes for nearly 15 years. The Babboe head office is in the Dutch city of Amersfoort. Babboe cargo bikes are available in more than 30 countries worldwide. There is a Babboe cargo bike to match everyone's needs. Whether this be young families, dog lovers, or self-employed entrepreneurs, Babboe knows what moves them and helps them to get moving. A Babboe cargo bike makes everyday life easier and more fun.

Koga has stood for premium quality and service since 1974. Dutch design, handmade in the Netherlands. Thanks to its ties to bike racing, Koga is able to leverage professional knowledge, engineering passion and stylish design into highly desired product offerings to consumers.



AWARD-WINNING INNOVATIONS

Making one bicycle part better, more sustainable, affects millions of people. Our ambition is to move the world forward with every innovation we come up with. And as inventors of the e-bike in 2004 and the e-mountain bike in 2010, we like to think we know what we're talking about.

LAPIERRE

LAPIERRE OVERVOLT GLP 2 TEAM

Design & Innovation Award 2021 in the category E-MTB



RALEIGH

RALEIGH MOLLI

Made for Mums awards 2021

Toy Awards - bronze

RALEIGH ARRAY

Tech Radar Awards in the category Best Electric Bikes 2021

RALEIGH MOTUS

Indy Best award in the category Best Electric Bikes 2021

RALEIGH PROPAGANDA BALANCE BIKE

Indy Best award in the category Best Balance Bikes 2021

RALEIGH POP 14"

My Baba award in the category Best First Bike 2021



HAIBIKE

ALLMTN7

Design & Innovation Award 2021 in the category E-MTB

Red Dot Winner bicycle design

HAIBIKE YAMAHA TREKKING 6 LOWSTEP

Focus E-Bike Design & Innovation Award 2021

in the category E-Trekking

ADVENTR MODELLREIHE

Velomotion Leserwahl 2021, Winner in the category E-Trekking



reddot winner 2021
bicycle design



JUNCKER BIKE PARTS

DYNAMO RETAIL GROUP AWARD

Best supplier in the category Parts & Accessories 2021

DYNAMO
RETAIL GROUP



GHOST

E-RIOT

German Innovation Award 2021 (Special mention)

E-RIOT TRIAL PRO

Focus E-Bike Innovation Award (in the category health 2nd place)



WINORA

WINORA SINUS N5

German Innovation Award 2021

WINORA YUCATAN 12 PRO

German Innovation Award 2021



BATAVUS

BATAVUS DINSDAG EXCLUSIVE PLUS

RAI Bicycle of the Year 2021

BATAVUS FINEZ E-GO POWER

VAB E-bike of the Year 2021

BATAVUS FINEZ E-GO POWER EXCLUSIVE

German Design Award Special 2021



KOGA

KOGA E-NOVA EVO

Red Dot Winner Product Design (bicycle design) 2021

KOGA PACE B10

Red Dot Winner Product Design award (bicycle design) 2021

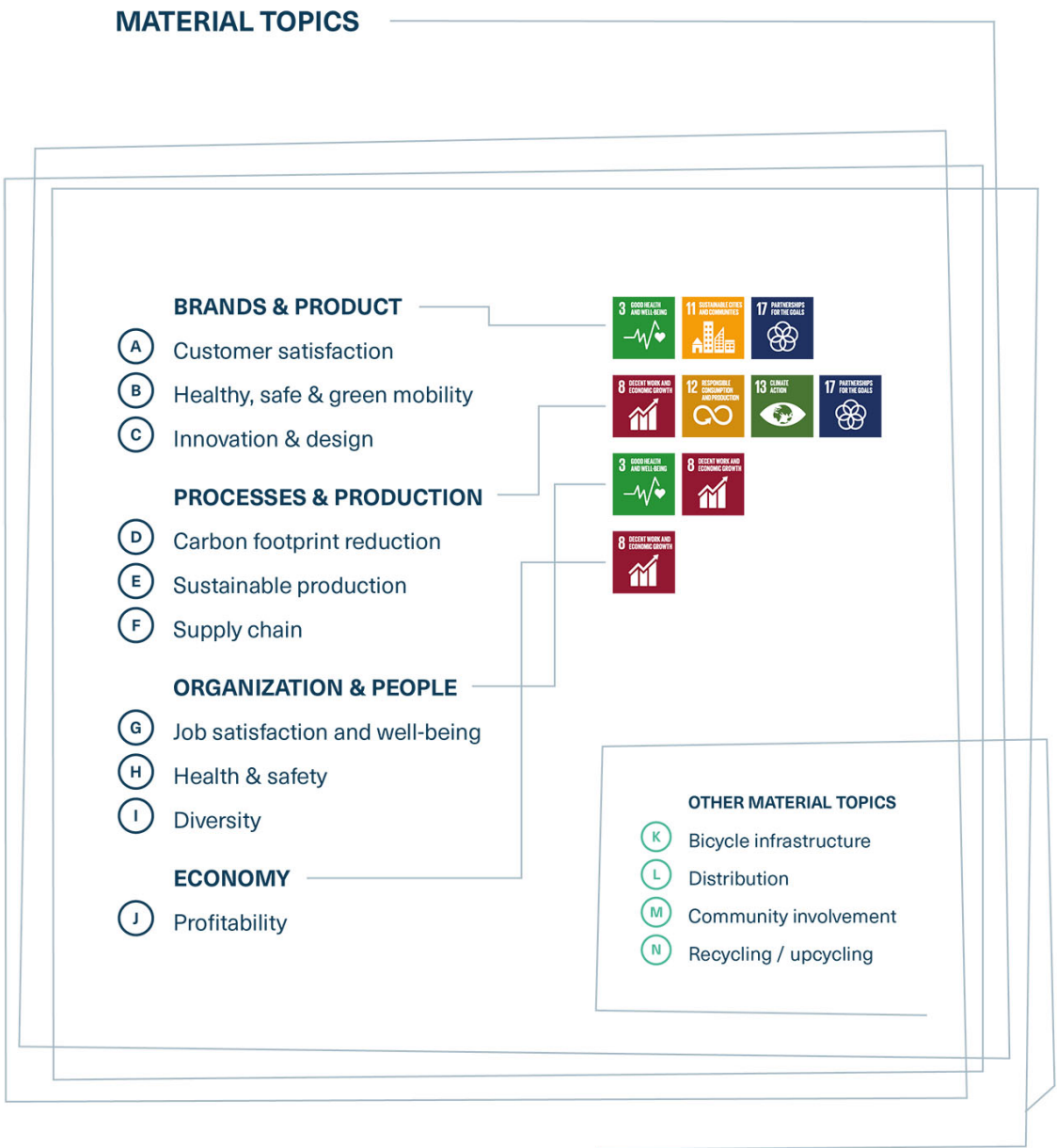


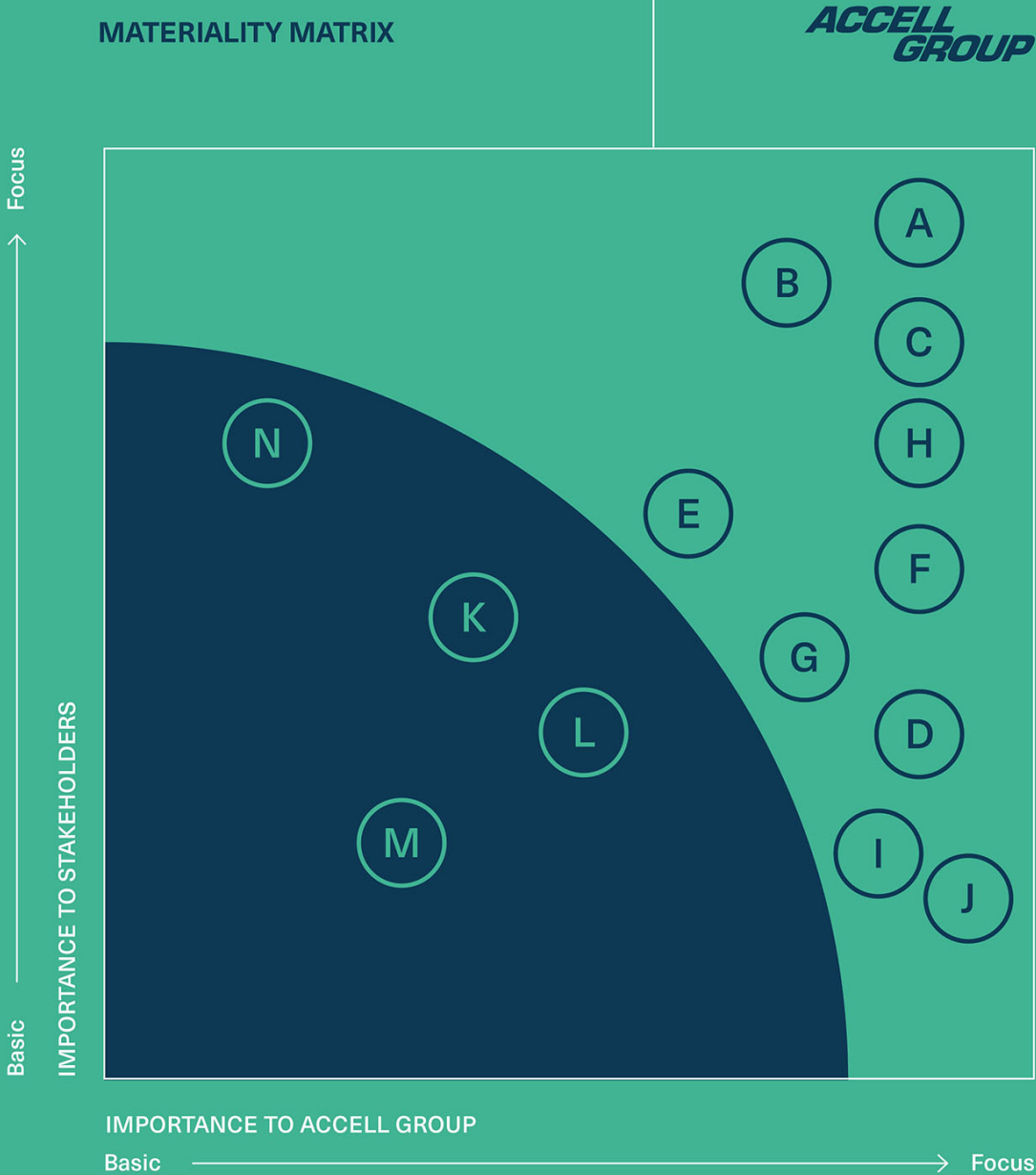
reddot winner 2021



MATERIAL TOPICS

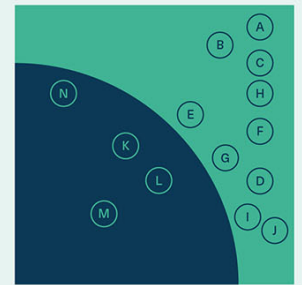
Accell Group is always in contact with society via its participation in a wide range of networks and its continuous dialogue with its stakeholders. Based on the feedback we receive from our stakeholders, trends & developments in society and following the Accell Group strategy, the Board of Management reviews the materiality matrix annually. During this review we take into account the four Principles of Reporting of the GRI Standard, namely stakeholder inclusiveness, sustainability context, materiality and completeness.





For 2021, no additional adjustments are made. The materiality matrix illustrates the specific topics that we and our stakeholders deem important. Issues plotted towards the top right corner are the most material issues, while the ones in the bottom left section are seen as less important in relative terms.

Topics from A to J are the most material topics. In our annual report we cover these topics in detail. Topics from K to N are covered briefly. Boundaries for each material issue are noted in our GRI Content Index.



A

CUSTOMER SATISFACTION

In addition to satisfaction with a high-quality product, service and buying convenience and availability, good information and a focus on customer safety are key factors, both in terms of regulations and product development and in use, that make an implicit contribution to client satisfaction.

STAKEHOLDER GROUPS THAT PRIORITIZE THIS TOPIC

- Consumers
- Retail trade network

KEY FIGURES AND PERFORMANCE INDICATORS

- Brands have their own methods for monitoring this.

B

HEALTHY, SAFE & GREEN MOBILITY

Playing a leadership role when it comes to increasing sustainability in mobility, reducing congestion, reducing CO₂ emissions and improving living conditions in urbanized areas. Playing a proactive role in society to promote more exercise, sports and a healthier lifestyle, safety in terms of cycling conditions, infrastructure and bicycle products.

STAKEHOLDER GROUPS THAT PRIORITIZE THIS TOPIC

- Retail trade network
- Shareholders and banks
- Industry organizations
- Consumers
- Public sector
- Suppliers
- Staff

KEY FIGURES AND PERFORMANCE INDICATORS

- Amount in sponsoring.

C

INNOVATION & DESIGN

We design simple innovative solutions inspired by people. Providing distinctive products that surprise customers without compromising on safety and sustainability.

STAKEHOLDER GROUPS THAT PRIORITIZE THIS TOPIC

- Consumers
- Retail trade network
- Industry bodies

KEY FIGURES AND PERFORMANCE INDICATORS

- Number of prizes and awards
- Number of patents and model protections.

D

CARBON FOOTPRINT REDUCTION

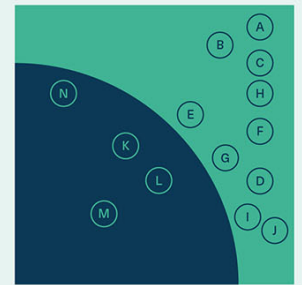
Sustainable and less energy consumption in our production facilities, warehouse and offices, optimizing our logistics and business travelling, focus on more European production.

STAKEHOLDER GROUPS THAT PRIORITIZE THIS TOPIC

- Public sector
- Industry organizations
- Shareholders and banks

KEY FIGURES AND PERFORMANCE INDICATORS

- Amount of energy consumption
- Amount of emissions
- % of sustainable energy.



E

SUSTAINABLE PRODUCTION

Production of bicycles with the lowest possible impact on the environment, reduction of waste and energy consumption, and attention paid to the use of packaging and safe materials.

STAKEHOLDER GROUPS THAT PRIORITIZE THIS TOPIC

- Industry organizations
- Suppliers
- Public sector
- Shareholders and banks

KEY FIGURES AND PERFORMANCE INDICATORS

- Environmental impact packaging materials
- Environmental impact waste
- Single-use plastic reduction.

F

SUPPLY CHAIN

Optimization of the supply chain to increase reliability of deliveries and reduce lead times and respond more effectively to changes in consumer demand. Accept responsibility as a significant player in the mobility chain to encourage sustainable operations among partners on both the suppliers' side and the distribution side.

STAKEHOLDER GROUPS THAT PRIORITIZE THIS TOPIC

- Shareholders and banks
- Public sector
- Industry organizations
- Suppliers

KEY FIGURES AND PERFORMANCE INDICATORS

- Assessment of suppliers in terms of employment practices, human rights and environmental impact.

G

JOB SATISFACTION AND WELL-BEING

Providing an open and professional culture in combination with an inspiring working environment that suits the personal abilities, talents and ambitions of employees. Providing good training and career prospects with attention for personal circumstances, health and a safe working environment.

STAKEHOLDER GROUPS THAT PRIORITIZE THIS TOPIC

- Staff
- Public sector

KEY FIGURES AND PERFORMANCE INDICATORS

- Hours of absenteeism
- Number of hours of training and education
- Employee evaluation in terms of satisfaction, engagement and enthusiasm.

H

HEALTH & SAFETY

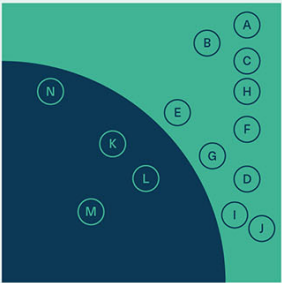
Improving the health and safety culture within the company, as well as compliance with legislation and regulations.

STAKEHOLDER GROUPS THAT PRIORITIZE THIS TOPIC

- Staff
- Public sector
- Industry organizations

KEY FIGURES AND PERFORMANCE INDICATORS

- Hours of absenteeism
- Hours of absenteeism as a result of accidents.



I

DIVERSITY

Diversity and inclusion are about appreciating and incorporating the unique life experience that every Accell colleague brings to work.

STAKEHOLDER GROUPS THAT PRIORITIZE THIS TOPIC

- Public sector
- Shareholders and banks
- Staff

KEY FIGURES AND PERFORMANCE INDICATORS

- Balance between male and female staff.

J

PROFITABILITY

Improving profitability by implementing our strategy, always from the perspective of customer satisfaction, so this actually bolsters our relevance in the long term, rather than undermining it.

STAKEHOLDER GROUPS THAT PRIORITIZE THIS TOPIC

- Shareholders and banks

KEY FIGURES AND PERFORMANCE INDICATORS

- EBIT margin
- Net profit
- ROCE
- Net turnover.

NETWORKS AND STAKEHOLDER ENGAGEMENT

Throughout the year, Accell Group maintains a constant dialogue with its stakeholders and is actively involved in a large number of networks in which we frequently take a leading role.

NETWORK INVOLVEMENT

We are affiliated with various national and international industry organizations and initiatives, focused on several fields of corporate social responsibility. Below you will find an overview, organized per theme, of the industry and advocacy organizations where we have a seat on the board or for which we actively participate in working groups:

CONSUMER SAFETY

- ISO / TC 149 (Technical Committee of the International Organization for Standardization in the field of bicycles, their components and accessories).
- CEN TC 333 Cycles (Technical Committee of the European Committee for Standardization).
- CENELEC (European Committee for Electrotechnical and Battery Standardization).
- Relevant national standard Institutions in the field of bicycle safety.

THEFT PREVENTION

- SAFE (foundation concerning bicycle and e-bike theft).
- Foundation ART (bicycle locks).

BICYCLE INDUSTRY –

HEALTHY & GREEN MOBILITY

- CONEBI (Confederation of the European Bicycle Industries), including CSR expert group.
- WBIA (World Bicycle Industry Association).
- CIE (Cycling Industries Europe).
- Relevant national associations in the field of industry & cycling advocacy.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

- WFSGI (World Federation of the Sporting Goods Industry): application of the WFSGI Code of Conduct.
- RSI (Responsible Sports Initiative): social & environmental audit platform.
- Relevant local organizations in the field of (bicycle) battery recycling: financial commitment.
- Relevant local organizations in the field of electronic equipment recycling: financial commitment.

STAKEHOLDER INITIATIVES

CONSUMERS - CYCLISTS

- Mix of online distribution channels and dealers.
- Different brand sites social media.
- Consumer service via the different brands.
- Fairs, (sport)events.
- Consumer panels to remain in touch with relevant consumer insights and developments.

RETAIL TRADE NETWORK

- Visits from sales staff.
- Workshops about our latest products and technological applications.
- Trade fairs and house shows.
- Internet sites, e-mail, newsletter.
- Annual events about the changes in the bicycle industry.

LOCAL GOVERNMENT

BODIES-REGULATORS

- Dialogue with various local and national governmental bodies. Via industry associations and at our own initiative.
- Discussions/meetings with regulators if needed.

INDUSTRY ASSOCIATIONS

AND ADVOCACY GROUPS

- Seat on various boards of industry organizations.
- Active engagement during bicycle events and trade fairs.

SUPPLIERS

- Cooperation with suppliers to roll out innovations faster.
- Special workshops with our largest suppliers sharing insights and exploring ways for more cooperation.
- International trade fairs.

STAFF

- Town halls, meetings, newsletters, digital information screens, one on ones.
- Various meetings with the works council and trade unions.
- Employee engagement surveys on an annually basis.

INVESTORS / FINANCERS

AND FINANCIAL ANALYSTS

- Annual shareholder meeting.
- Sessions for analysts and investors.
- (Inter) national conferences and roadshows for investors.
- Periodic sessions with our banking consortium.
- Annual report, half year results, press releases, trading updates, other reports, updates on significant developments on Group level.

EMPLOYEE AND SUSTAINABILITY DATA

Accell Group reports its sustainability information for the period 1 December 2020 through 30 November 2021. Employee data (FTE) is reported per 30 November 2021. On the reference date of 30 November 2021, we had 3,763 employees (FTEs). This figure differs from the average number of FTEs in 2021, because this employee data has a fixed reference date per 30 November 2021 and the average number of FTEs is an average over the entire year 2021.

The tables below show the data collected. All major Accell Group companies and premises are included in the figures. Figures have been rounded off to improve readability and data has been extrapolated where necessary. This may result in minor rounding differences. Data is derived from various HR information systems and financial administration.

EMPLOYMENT

AGE STRUCTURE OF PAYROLL EMPLOYEES

Category-wise per region and gender (FTE) per 30 November 2021

	Europe			Asia			Worldwide		
	Female	Male	Other	Female	Male	Other	Female	Male	Other
BOARD OF MANAGEMENT									
< 30 years	0	0	0	0	0	0	0	0	0
30 - 50 years	0	1	0	0	0	0	0	1	0
> 50 years	0	1	0	0	0	0	0	1	0
SENIOR LEADERSHIP*									
< 30 years	1	1	0	0	0	0	1	1	0
30 - 50 years	12	36	0	1	0	0	13	36	0
> 50 years	5	23	0	0	0	0	5	23	0
PRODUCTION**									
< 30 years	123	347	0	0	0	0	123	347	0
30 - 50 years	231	587	0	0	0	0	231	587	0
> 50 years	116	309	0	0	0	0	116	309	0
NON PRODUCTION									
< 30 years	114	161	0	4	3	0	118	164	0
30 - 50 years	195	494	0	27	29	0	222	523	0
> 50 years	69	180	0	2	4	0	71	184	0
Subtotal	865	2,140	0	34	36	0	899	2,176	0
Total	3,005			70			3,075		

* Senior leadership: direct report to the Board of Management, Management Teams of companies

** Production is including inbound and distribution

AGE STRUCTURE OF NON-PAYROLL EMPLOYEES

Category-wise per region and gender (FTE) per 30 November 2021

	Europe			Asia			Worldwide		
	Female	Male	Other	Female	Male	Other	Female	Male	Other
BOARD OF MANAGEMENT									
< 30 years	0	0	0	0	0	0	0	0	0
30 - 50 years	0	0	0	0	0	0	0	0	0
> 50 years	0	0	0	0	0	0	0	0	0
SENIOR LEADERSHIP*									
< 30 years	0	0	0	0	0	0	0	0	0
30 - 50 years	0	0	0	0	0	0	0	0	0
> 50 years	0	3	0	0	0	0	0	3	0
PRODUCTION**									
< 30 years	49	186	0	0	0	0	49	186	0
30 - 50 years	81	214	0	0	0	0	81	214	0
> 50 years	34	62	0	0	0	0	34	62	0
NON PRODUCTION									
< 30 years	4	16	0	0	0	0	4	16	0
30 - 50 years	9	18	0	0	0	0	9	18	0
> 50 years	3	7	0	0	0	0	3	7	0
Subtotal	180	507	0	0	0	0	180	507	0
Total	688			0			688		

* Senior leadership: direct report to the Board of Management, Management Teams of companies

** Production is including inbound and distribution

AGE OF SUPERVISORY BOARD (HEADCOUNT) PER NOVEMBER 2021

	Europe			Asia			Worldwide		
	Female	Male	Other	Female	Male	Other	Female	Male	Other
SUPERVISORY BOARD									
< 30 years	0	0	0	0	0	0	0	0	0
30 - 50 years	0	0	0	0	0	0	0	0	0
> 50 years	2	3	0	0	0	0	2	3	0

CONTRACT TYPE OF PAYROLL EMPLOYEES

In 2021 by region and gender (FTE) per 30 November 2021

	Europe			Asia			Worldwide		
PAYROLL	Female	Male	Other	Female	Male	Other	Female	Male	Other
PERMANENT									
Part-time	154	103	0	0	0	0	154	103	0
Full-time	563	1,762	0	34	36	0	597	1,798	0
Non-guaranteed hours	9	14	0	0	0	0	9	14	0
TEMPORARY									
Part-time	21	27	0	0	0	0	21	27	0
Full-time	118	235	0	0	0	0	118	235	0
Non-guaranteed hours	0	0	0	0	0	0	0	0	0
Subtotal Payroll	865	2,140	0	34	36	0	899	2,176	0
Total	3,005			70			3,075		

CONTRACT TYPE OF NON-PAYROLL EMPLOYEES

In 2021 by region and gender (FTE) per 30 November 2021

	Europe			Asia			Worldwide		
NON-PAYROLL	Female	Male	Other	Female	Male	Other	Female	Male	Other
AGENCY WORKERS									
Part-time	17	40	0	0	0	0	17	40	0
Full-time	75	352	0	0	0	0	75	352	0
CONTRACTORS									
Part-time	1	2	0	0	0	0	1	2	0
Full-time	86	113	0	0	0	0	86	113	0
OTHER FTE WORKERS									
Part-time	0	0	0	0	0	0	0	0	0
Full-time	0	1	0	0	0	0	0	1	0
Subtotal Non-payroll	180	508	0	0	0	0	180	508	0
Total	688			0			688		

EMPLOYMENT

Per region and gender (FTE) per 30 November 2021

Europe

	Female	Male	Other	Subtotal
EMPLOYMENT				
Payroll	865	2,140	0	3,005
Non-payroll	180	508	0	688
Subtotal	1,045	2,648	0	3,693

Asia

	Female	Male	Other	Subtotal
EMPLOYMENT				
Payroll	34	36	0	70
Non-payroll	0	0	0	0
Subtotal	34	36	0	70

Worldwide

	Female	Male	Other	Subtotal
EMPLOYMENT				
Payroll	899	2,176	0	3,075
Non-payroll	180	508	0	688
Subtotal	1,079	2,684	0	3,763



AGE STRUCTURE OF EMPLOYEES

Per region and gender (FTE) per 30 November 2021

Europe

	Female	Male	Other	Subtotal
< 30 years	291	711	0	1,003
30 - 50 years	528	1,351	0	1,879
> 50 years	226	585	0	811
Total	1,045	2,648	0	3,693

Asia

	Female	Male	Other	Subtotal
< 30 years	4	3	0	7
30 - 50 years	28	29	0	57
> 50 years	2	4	0	6
Total	34	36	0	70

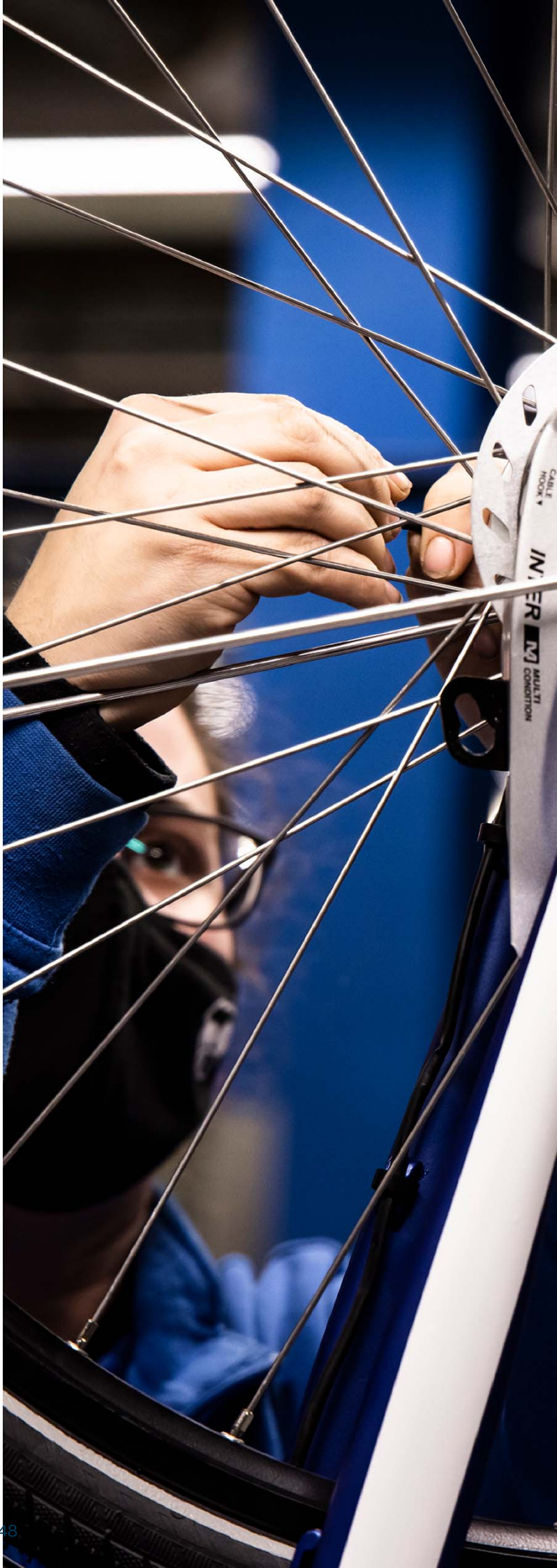
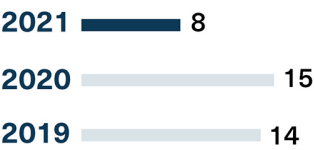
Worldwide

	Female	Male	Other	Subtotal
< 30 years	295	714	0	1,010
30 - 50 years	556	1,380	0	1,936
> 50 years	228	589	0	817
Total	1,079	2,684	0	3,763



TRAINING

TRAINING HOURS
Per FTE



ABSENTEEISM AND SAFETY PERFORMANCE

ABSENTEEISM IN HOURS AND RATE*

In 2021 by region

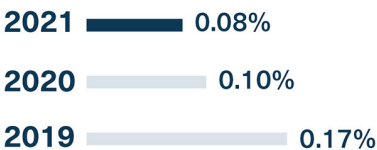
	Europe		Asia		Worldwide	
	Hours	Rate	Hours	Rate	Hours	Rate
TOTAL SICK LEAVE DUE TO ACCIDENTS (LOST DAYS)						
Female	1,504	0.09%	0	0.00%	1,504	0.09%
Male	3,473	0.08%	0	0.00%	3,473	0.08%
Other	0	0.00%	0	0.00%	0	0.00%
Subtotal	4,977	0.08%	0	0.00%	4,977	0.08%
TOTAL SICK LEAVE (ABSENTEESIM)**						
Female	80,768	4.67%	7	0.01%	80,775	4.49%
Male	182,674	4.27%	0	0.00%	182,674	4.20%
Other	0	0.00%	0	0.00%	0	0.00%
Subtotal	263,441	4.38%	7	0.01%	263,448	4.28%

* Rate is defined as the period of absence divided by total working hours in a 50-week period.

** Including sick leave due to accidents.

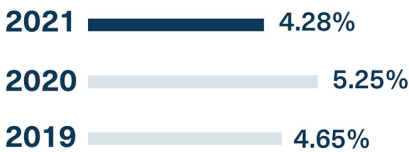
ABSENTEEISM DUE TO ACCIDENTS

Percentage absenteeism due to accidents
as percentage of total working hours
of all employees on payroll



ABSENTEEISM

Percentage absenteeism
as percentage of total working hours
of all employees on payroll



SAFETY PERFORMANCE

In registered numbers of injuries

	Employees	Other workers*	Subtotal
	2021	2021	2021
High-consequence work-related injuries	0	0	0
Recordable work-related injuries	124	13	137
Work-related fatalities	0	0	0
Total	124	13	137

SAFETY PERFORMANCE

In rate of injuries per 200,000 worked hours

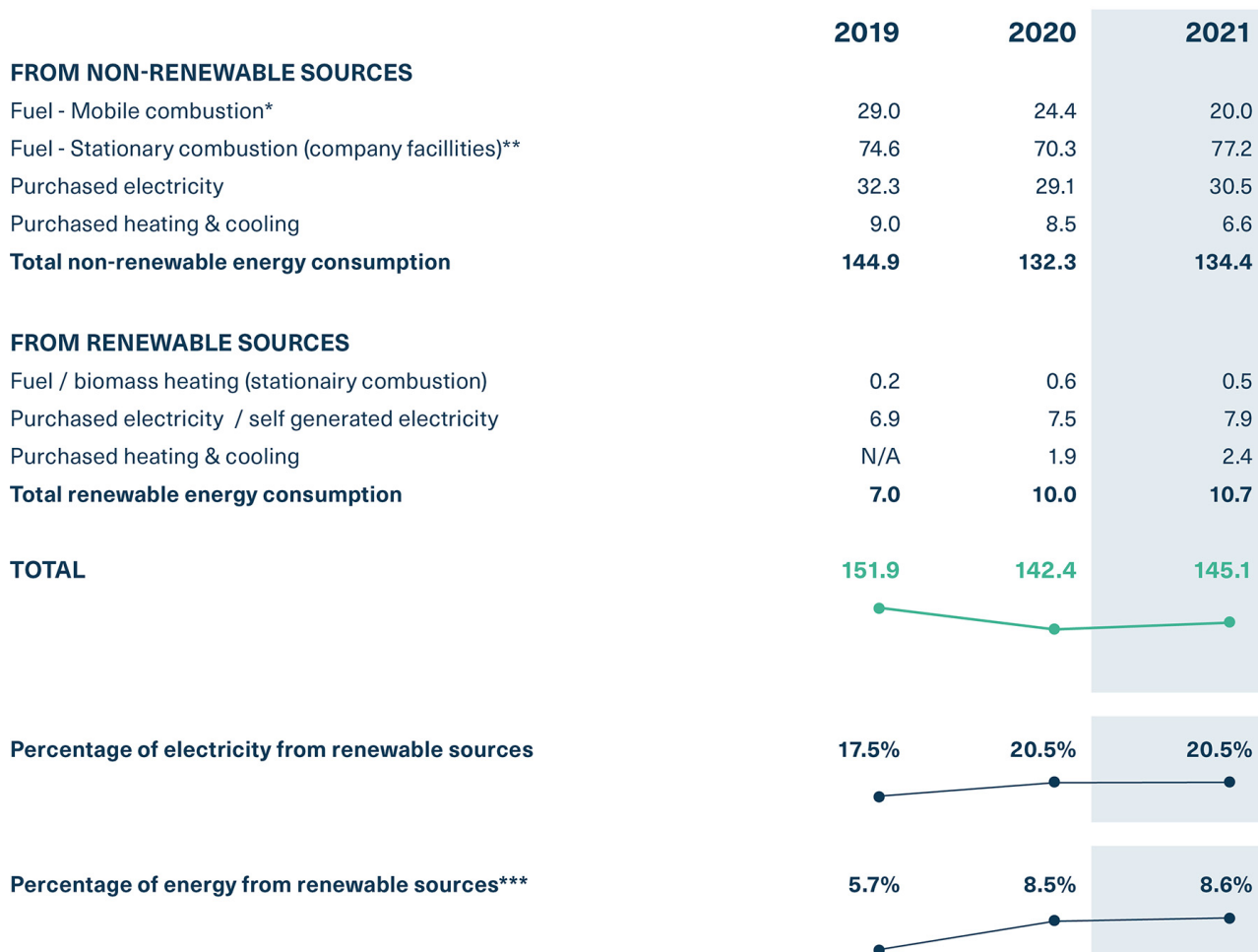
	Employees	Other workers*	Subtotal
	2021	2021	2021
High-consequence work-related injuries	0	0	0
Recordable work-related injuries	4	3	7
Work-related fatalities	0	0	0
Total	4	3	7

* All workers who are not employees but whose work and/or workplace is controlled by Accell.

ENERGY AND CARBON FOOTPRINT

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

in terajoules



* Includes both fleet-owned cars & trucks, lease cars and business travel by car (employee owned).

** Only includes energy consumption of the buildings.

*** Excluding mobile combustion.

CARBON FOOTPRINT: GHG EMISSIONS

In tonnes CO₂ -equivalent

	2019	2020	2021
SCOPE 1			
Stationary combustion (company facilities)	4,423	3,967	4,487
Biogenic emissions	17	68	51
Fleet (owned cars, trucks) *	188	169	111
SCOPE 2			
Electricity **	3,430	3,314	3,238
Heating & cooling	508	479	371
Total (scope 1 & 2)	8,565	7,997	8,259
			
SCOPE 3			
Business travel by car (employee owned)	92	99	55
Lease cars	1,694	1,526	1,288
Use of packaging materials	6,086	6,328	5,556
Total (scope 3 registered)	7,872	7,953	6,899
			

* Includes the electricity use of company owned vehicles.

** Excludes the electricity use of company owned vehicles.

Source conversion factors:

Dutch list of energy carriers and standard CO₂-emission factors 2020 (fuel), Defra 2018 (transport), IEA 2017 & UN Statistics Division - Energy Balance Visualizations (2021) (electricity). CO₂-conversion databases packaging: EPA 2014, Eurostat 2016 and 2017, Ecoinvent 3.3.

CARBON FOOTPRINT: USE OF PACKAGING MATERIALS

IMPACT

in tonnes CO₂-equivalent

MATERIAL

Paper and paperboard

Foil and plastic

Bioplastic

Total

2019

2020

2021

5,405

5,686

4,998

681

642

558

N/A

0

0

6,086

6,328

5,556



USE

in tonnes

MATERIAL

Paper and paperboard

Foil and plastic

Bioplastic

Total

2019

2020

2021

4,710

4,955

4,355

228

215

187

N/A

0

4

4,938

5,170

4,546



WASTE

WASTE BY COMPOSITION IN 2021

In tonnes

	Waste generated	Waste diverted from disposal	Waste directed to disposal
WASTE COMPOSITION			
Rubber	0	0	0
Carbon fibres	43	41	2
Hazardous waste	117	1	116
Foil and plastic	216	147	69
Wood (pallets)	291	238	53
Residual waste	472	11	460
Metals	266	189	77
Paper and paperboard	2,814	2,242	572
Other (construction waste and swill)	26	0	26
TOTAL	4,245	2,870	1,375

WASTE DIVERTED FROM DISPOSAL BY RECOVERY OPERATION IN 2021

In tonnes

	Onsite	Offsite	Total
HAZARDOUS WASTE			
Preparation for re-use	0	0	0
Recycling	0	1	1
Other recovery operations	0	0	0
Total	0	1	1
NON-HAZARDOUS WASTE			
Preparation for re-use	0	48	48
Recycling	0	2,737	2,737
Other recovery operations	0	83	83
Total	0	2,868	2,868
TOTAL	0	2,870	2,870

WASTE DIRECTED TO DISPOSAL BY DISPOSING OPERATION IN 2021

In tonnes

	Onsite	Offsite	Total
HAZARDOUS WASTE			
Incineration (with energy recovery)	0	71	71
Incineration (without energy recovery)	0	0	0
Landfilling	0	0	0
Other disposal operations	0	45	45
Total	0	116	116
NON-HAZARDOUS WASTE			
Incineration (with energy recovery)	0	410	410
Incineration (without energy recovery)	0	116	116
Landfilling	0	112	112
Other disposal operations	0	621	621
Total	0	1,259	1,259
TOTAL	0	1,375	1,375

WASTE BY COMPOSITION

In tonnes

WASTE GENERATED			
	2019	2020	2021
WASTE COMPOSITION			
Rubber	5	0	0
Carbon fibres	0	0	43
Hazardous waste	127	136	117
Foil and plastic	190	200	216
Wood (pallets)	297	222	291
Residual waste	440	527	472
Metals	365	367	266
Paper and paperboard	2,918	2,545	2,814
Other	2	2	26
Total	4,342	3,999	4,245

TAXONOMY REGULATION

Regulation (EU) 2020/852 (the 'Taxonomy Regulation') was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. It aims to define environmentally sustainable activities. The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with EU goals as the Taxonomy is a classification system for environmentally sustainable economic activities. For 2021, companies are required to report what share of their activities are considered to be 'eligible'. For 2022, companies will also need to report on whether these eligible activities are 'aligned', following a three step approach including technical screening criteria set by the EU Taxonomy. In the following section we present the share of our group turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period 2021, which are mainly associated with Taxonomy-eligible economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with Art. 8 Taxonomy Regulation and Art. 10 (2) of the Art. 8 Delegated Act.

Definitions

Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation (i.e. the Climate Delegated Act as of now) irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts.

Taxonomy-non-eligible economic activity means any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation. Taxonomy-aligned economic activity means an economic activity that complies with all of the following requirements:

- The economic activity contributes substantially to one or more of the environmental objectives.
- It does not significantly harm any of the environmental objectives.
- It is carried out in compliance with the minimum safeguards; and
- It complies with technical screening criteria in the delegated acts supplementing the Taxonomy Regulation (i.e. Climate Delegated Act as of now).

In the following table we publish the portion of eligible and non-eligible activities for turnover, capital expenditure and operation expenses.

The turnover is included in the income statements, note 7.1. Capital expenditure refer to note 10.1 and note 10.3. The operating expenses represents the proportion of the operating expenditure associate with taxonomy-aligned activities. The operating expenses are included in the consolidated income statement and refer to the personnel expenses, depreciation, amortization and impairment losses, net impairment losses on financial assets, and other operating expenses (note 7.4, note 7.5, note 8.2 and note 7.6).

		TAXONOMY ELIGIBLE			TAXONOMY NON-ELIGIBLE
	TOTAL	BIKES	PARTS	CORPORATE	
Turnover (€ * 1,000)	1,377,112	988,664	400,481	(12,257)	224
Turnover (%)	100%	71.8%	29.1%	-0.9%	0.0%
CapEx (€ * 1,000)	12,467	9,825	1,643	1,000	0
CapEx (%)	100%	78.8%	13.2%	8.0%	0.0%
OpEx (€ * 1,000)	312,351	232,616	76,233	3,470	32
OpEx (%)	100%	74.5%	24.4%	1.1%	0.0%

TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

Manufacture of low carbon technologies

One of the Taxonomy eligible economic activities is “3.3 Manufacture of low carbon technologies for transport”. The sale of (e-)bikes meets the following screening criterium of this activity: *e) ‘personal mobility devices with a propulsion that comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity’*. The sale of related parts can be considered an upgrade of the (e-)bikes and as result also meet this screening criterium. The NACE-code which provides the best match for these activities is “C30.9.2 - Manufacture of bicycles and invalid carriages”.

Business activities and external turnover

Our assessment of Taxonomy-eligible activities is focused on economic activities defined as the provision of goods or services on a market, thus (potentially) generating revenues (at the present time or in the future). In this context, we as a (e-)bike manufacturer assess our business by our contribution to provide climate neutral and low carbon mobility and other low carbon technologies. Therefore, the activity “3.3 Manufacture of low carbon technologies for transport” represents our business activities which we evaluate against the Taxonomy Regulation. Underlying activities, such as transportation, operations and investments in manufacturing units, are subsumed under our activities as they are only supporting these. As a result, all OpEx and CapEx related to (e-)bikes and related parts activities are currently classified as tax-eligible economic activity.

TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

The revenues from our motorcycle business (segment parts) are classified as Taxonomy-non-eligible economic activities, this activity has been sold in March 2021. Overall the non-eligible economic activities are very limited in 2021 and are already sold, so no further actions are required or planned to reduce these activities.

SCOPE OF THE REPORTING

This annual report provides an overview of the performance of Accell Group and the main developments in the organization in 2021. All the reported financial data pertain to the 2021 financial year that ran from 1 January to 31 December. As in previous years, non-financial data is reported for the period 1 December 2020 to 30 November 2021.

REPORTING FRAMEWORK AND DATA COLLECTION

This annual report is intended for all our stakeholders and in particular for our shareholders and staff and reports on aspects highly material to Accell Group. The financial data in this report is generated by a standardized and automated reporting system. The internal risk management system safeguards the reliability of these financial data.

The data related to Corporate Social Responsibility is collected once a year. The collected data and reporting are not verified by the external auditor. In 2021, the sustainability-related data collection covered almost all of our operations and is related to number of employees and turnover. The quantitative and qualitative information related to Corporate Social Responsibility is based on qualitative interviews and quantitative data requests. To this end, we address the responsible staff members at our companies and staff departments. The persons responsible at our companies provide the requested quantitative data and direct the sustainability aspects and priority actions.

The team responsible for Corporate Social Responsibility at Group level uses a plausibility check to verify the data obtained. Most of the employee data are derived from various HR information systems, some data comes from other means of administration and estimations based on interviews. Having different systems and not all data registered within these systems will influence the reliability of the presented figures.

DEVIATIONS FROM PREVIOUS CSR REPORTING

During the data collection process, some 2019 and 2020 figures have been adjusted based on new or improved calculations. Where necessary, we adjusted the figures for previous years in the tables for correctness and comparison purposes. This resulted in some minor deviations in the data that were presented in the 2019 and 2020 annual report.

REPORTING STANDARDS AND GUIDELINES

The following standards, policies and guidelines have been applied in full or in part in this annual report.

- Integrated Reporting Framework. Accell Group applies several fundamental concepts, guidelines and content elements of the Integrated Reporting framework of the International Integrated Reporting Council (IIRC) in its reporting.
- International Financial Reporting Standards (IFRS). Accell Group's financial reporting is based on International Financial Reporting Standards. All Accell Group companies and Accell Group itself comply with these standards.
- Global Reporting Initiative (GRI). The Global Reporting Initiative is the international standard in the field of sustainability reporting. This report has been prepared in accordance with the GRI Standards – Core option.
- Dutch Corporate Governance Code. Compliance with the Dutch Corporate Governance Code is described in the section [Compliance with the Code](#) of this report. We report on this subject on the basis of the 'comply or explain' principle.
- Non-Financial Reporting Directive. As of the 2017 reporting year, there are tightened legal requirements for transparency regarding non-financial data in the annual reports of large public interest entities. We report on this on the basis of the 'comply or explain' principle.
- OECD guidelines for Multinational Enterprises. Recommendations addressed by governments providing non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards.
- Taxonomy Regulation. The Taxonomy regulation aims to encourage and increase the understanding of 'sustainable finance and investment'.

GRI Content Index

GRI Standard	Disclosure Number	Disclosure Title	Cross-reference
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organizational Profile	102-1	Name of the organization	Accell Group
	102-2	Activities, brands, products, and services	This is the Accell Group/Livable cities stories This is the Accell Group/Our brands This is the Accell Group/Key figures 2021 Accell Group with its group of companies is internationally active in the design, development, production, marketing and sales of innovative and high-quality bicycles, bicycle parts and accessories.
	102-3	Location of headquarters	Industrieweg 4, 8444 AR Heerenveen, the Netherlands
	102-4	Location of operations	Addresses
	102-5	Ownership and legal form	Financial statements/6. Notes to the consolidated financial statements
	102-6	Markets served	Performance 2021/Lead Global, Win Local' progress
	102-7	Scale of the organization	This is the Accell Group/Key figures 2021 Additional disclosures/Employee and sustainability data
	102-8	Information on employees and other workers	Additional disclosures/Employee and sustainability data
	102-9	Supply chain	Performance 2021/Lead Global, Win Local' progress This is the Accell Group/Value Creation Model Accell Group is sourcing materials from professional high-quality suppliers in Europe, Asia and Turkey. Our own production is focused on assembly and spray painting. We have a number of large-scale production hubs complemented by smaller local manufacturing units. 93% of the bicycles sold are finished at our manufacturing units.
	102-10	Significant changes to the organization and its supply chain	There were no significant changes to Accell Group and its supply chain except those minor changes mentioned under the heading "Fit to Compete" in Chapter Performance 2021/Lead Global, Win Local' progress and the appointment of the new Chief Supply Chain Officer
Strategy	102-11	Precautionary Principle or approach	Performance 2021/Environmental and social performance
	102-12	External initiatives	Performance 2021/Environmental and social performance Additional disclosures/Networks and stakeholder engagement Additional disclosures/Reporting standards and guidelines
	102-13	Membership of associations	Additional disclosures/Networks and stakeholder engagement
Ethics and Integrity	102-14	Statement from senior decision-maker	Message from the CEO
Ethics and Integrity	102-16	Values, principles, standards, and norms of behaviour	Our purpose Performance 2021/Environmental and social performance (Code of Conduct) Performance 2021/Environmental and social performance/Supply chain responsibility
	102-18	Governance structure	Performance 2021/Governance and Compliance/Corporate governance
Stakeholder Engagement	102-40	List of stakeholder groups	Additional disclosures/Networks and stakeholder engagement
	102-41	Collective bargaining agreements	Additional disclosures/Employee and sustainability data
	102-42	Identifying and selecting stakeholders	Additional disclosures/Networks and stakeholder engagement
	102-43	Approach to stakeholder engagement	Performance 2021/Environmental and social performance/Care for the environment Additional disclosures/Networks and stakeholder engagement
	102-44	Key topics and concerns raised	Additional disclosures/Material topics Additional disclosures/Networks and stakeholder engagement
Reporting Practice	102-45	Entities included in the consolidated financial statements	Financial Statements/19. Notes to the company financial statements
	102-46	Defining report content and topic boundaries	Additional disclosures/Material topics
	102-47	List of material topics	Additional disclosures/Material topics
	102-48	Restatements of information	Additional disclosures/Scope of the reporting
	102-49	Changes in reporting	Additional disclosures/Scope of the reporting (There were no significant changes from previous reporting periods)
Reporting Practice	102-50	Reporting period	Additional disclosures/Employee and sustainability data Additional disclosures/Scope of the reporting
	102-51	Date of most recent report	March 2021
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	Colophon
	102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
	102-55	GRI content index	Additional disclosures/GRI Content Index
	102-56	External assurance	Additional disclosures/Scope of the reporting

Reporting standards and guidelines

GRI Standard	Disclosure Number	Disclosure Title	Cross-reference
Material Topics			
Environmental Topics			
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Performance 2021/Environmental and social performance/Greenhouse gas emissions Boundary: Internal: All Accell Group companies and staff
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Additional disclosures/Employee and sustainability data/Energy and carbon footprint
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Performance 2021/Environmental and social performance/Greenhouse gas emissions Boundary: Internal: All Accell Group companies and staff / External: Consumer
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Additional disclosures/Employee and sustainability data/Energy and carbon footprint
	305-2	Energy indirect (Scope 2) GHG emissions	Additional disclosures/Employee and sustainability data/Energy and carbon footprint
	305-3	Other indirect (Scope 3) GHG emissions	Additional disclosures/Employee and sustainability data/Energy and carbon footprint
Waste & Accell-Specific Topic: Sustainable Production			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Performance 2021/Environmental and social performance/Waste and raw materials Boundary: Internal: All Accell Group companies and staff / External: Suppliers
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Performance 2021/Environmental and social performance/Waste and raw materials Performance 2021/Environmental and social performance/Supply chain responsibility Performance 2021/Environmental and social performance/Product design for the future
	306-2	Management of significant waste-related impacts	Performance 2021/Environmental and social performance/Waste and raw materials Performance 2021/Environmental and social performance/Supply chain responsibility Performance 2021/Environmental and social performance/Product design for the future
	306-3	Waste generated	Additional disclosures/Employee and sustainability data/Waste
	306-4	Waste diverted from disposal	Additional disclosures/Employee and sustainability data/Waste
	306-5	Waste directed to disposal	Additional disclosures/Employee and sustainability data/Waste

Reporting standards and guidelines

GRI Standard	Disclosure Number	Disclosure Title	Cross-reference
Social Topics			
Occupational Health & Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Performance 2021/Environmental and social performance/Engaged employees
	103-2	The management approach and its components	Additional disclosures/Employee and sustainability data/Absenteeism and safety performance Boundary: Internal: All Accell Group companies and staff / External: Suppliers
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	Performance 2021/Environmental and social performance/Engaged employees Additional disclosures/Employee and sustainability data/Absenteeism and safety performance Boundary: Internal: All Accell Group
GRI 403: Occupational Health and Safety 2018	403-9	Work-related injuries	Additional disclosures/Employee and sustainability data/Absenteeism and safety performance*
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Performance 2021/Environmental and social performance/Diversity and inclusion
	103-2	The management approach and its components	Additional disclosures/Employee and sustainability data/Employment Boundary: Internal: All Accell Group companies and staff
	103-3	Evaluation of the management approach	
GRI 405: Diversity & Inclusion 2016	405-1	Diversity of governance bodies and employees	
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Performance 2021/Environmental and social performance/Engaged employees
	103-2	The management approach and its components	Additional disclosures/Employee and sustainability data/Training Boundary: Internal: All Accell Group companies and staff
	103-3	Evaluation of the management approach	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Additional disclosures/Employee and sustainability data/Training **
Accell-Specific Topic: Job satisfaction and well-being			
GRI 103: Management Approach 2016	N.A.	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	Performance 2021/Environmental and social performance/Engaged employees Boundary: Internal: All Accell Group companies and staff
	N.A.	Employee engagement survey results	
Accell-Specific Topic: Healthy, safe & green mobility			
GRI 103: Management Approach 2016	N.A.	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	Performance 2021/Environmental and social performance/Product design for the future Boundary: Internal: All Accell Group companies and staff / External: Consumers, Community
	N.A.	Amount (EUR) in sponsoring	Performance 2021/Environmental and social performance/Care for Society
Accell-Specific Topic: Customer Satisfaction & Innovation and design			
GRI 103: Management Approach 2016	N.A.	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	Performance 2021/'Lead Global, Win Local' progress Boundary: Internal: All Accell Group companies and staff / External: Consumers, Community
	N.A.	Number of prizes and awards	This is the Accell Group/Value Creation Model
	N.A.	Number of patents and model protections	This is the Accell Group/Value Creation Model
Accell-Specific Topic: Supply chain			
GRI 103: Management Approach 2016	N.A.	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	Performance 2021/Environmental and social performance/Supply chain responsibility Boundary: Internal: All Accell Group companies and staff / External: Suppliers, Consumers
	N.A.	Assessment of suppliers in terms of employment practices, human rights and environmental impact	Performance 2021/Environmental and social performance/Supply chain responsibility

* In our 2022 report, we will report on additional indicators listed in the 2018 version of the GRI Standards on OHS.

** In 2021, as opposed to previous year, it was not possible to collect data by employee category or by gender. In our next report we will disclose this breakdown again.

Summary table EU Directive on the disclosure of non-financial Information and information on diversity

Current/foreseable impacts (GRI indicator)	Material Aspect	Reference to the relevant chapter
Environmental matters		
Energy use (302-1)	Carbon footprint reduction	Performance 2021/Environmental and social performance/Greenhouse gas emissions Additional disclosures/Employee and sustainability data/Energy and carbon footprint
Greenhouse gas emissions (305-1, 305-2, 305-3)	Carbon footprint reduction	Performance 2021/Environmental and social performance/Greenhouse gas emissions Additional disclosures/Employee and sustainability data/Energy and carbon footprint
Waste generated (306-3), Waste diverted from disposal (306-4), Waste directed to disposal (306-5)	Sustainable production	Performance 2021/Environmental and social performance/Waste and raw materials Performance 2021/Environmental and social performance/Supply chain responsibility Performance 2021/Environmental and social performance/Product design for the future Additional disclosures/Employee and sustainability data/Waste
Social & Employee matters		
Diversity & inclusion (405-1) (including Board Diversity)	Diversity	Performance 2021/Environmental and social performance/Diversity and inclusion Additional disclosures/Employee and sustainability data/Employment
Occupational health & safety 2016 (403-2) Occupational health & safety 2020 (403-9)	Health and safety	Performance 2021/Environmental and social performance/Engaged employees Additional disclosures/Employee and sustainability data/Absenteeism and safety performance
Employee training (404-1)	Job satisfaction and well-being	Performance 2021/Environmental and social performance/Engaged Employees Additional disclosures/Employee and sustainability data/Training
Employee engagement	Job satisfaction and well-being	Performance 2021/Environmental and social performance/Engaged Employees
Respect for Human rights and Supply chain		
Code of conduct for suppliers (102-16)	Supply chain	Performance 2021/Environmental and social performance/Supply chain responsibility
Assessment of suppliers in terms of employment practices, human rights and environmental impact	Supply chain	Performance 2021/Environmental and social performance/Supply chain responsibility
Anti-corruption and bribery matters		
Code of conduct for employees and for suppliers	Corporate governance	Performance 2021/Governance and Compliance/Corporate governance Performance 2021/Environmental and social performance (Code of Conduct)
	Supply chain	Performance 2021/Environmental and social performance/Supply chain responsibility



ADDRESSES

THE NETHERLANDS

ACCELL GROUP N.V.

P.O. Box 435 - NL-8440 AK Heerenveen
Industrieweg 4 - NL-8444 AR Heerenveen
+31 513 638 703 - info@accell-group.com
accell-group.com

ACCELL NEDERLAND B.V.

Industrieweg 4 - NL-8444 AR Heerenveen
+31 513 638 500 - info@accell.nl
accellnederland.nl

BABBOE B.V.

Koedijkerweg 12A - NL-3816 BV Amersfoort
+31 33 741 0740 - info@babboe.nl
babboe.com

CARQON B.V.

Koedijkerweg 12A - NL-3816 BV Amersfoort
+31 24 808 0218 - info@carqon.com
carqon.com

FRANCE

CYCLES LAPIERRE S.A.S.

Rue Edmond Voisenet 6 - FR-21000 Dijon Cédex
+33 380 525 186
cycles-lapierre.fr

UNITED KINGDOM

RALEIGH UK LTD

136 Church Street - Eastwood, Nottingham NG16 3HT
+44 1773 532 600 - info@raleigh.co.uk
raleigh.co.uk

SPAIN

COMET DISTRIBUCIONES COMERCIALES S.L.

Polígono Industrial Erratzu 440 - ES-20130 Urnieta
(Gipuzkoa)
+34 943 331 393 - comet@comet.es
comet.es

TURKEY

ACCELL BISIKLET A.S

Keçiliköy Organize Sanayi Bölgesi 3. Kısım
Ahmet Tütüncüoğlu Caddesi No: 1 - TR-45030 Manisa
+90 236 213 0045 - info@accellbisiklet.com.tr
accellbisiklet.com.tr

GERMANY

ACCELL BIKE PARTS GMBH

Max-Planck-Straße 6 - DE-97526 Sennfeld
+49 9721 6501-0

GHOST-BIKES GMBH

An der Tongrube 3 - DE-95652 Waldsassen
+49 9632 9255-0 - info@ghost-bikes.de
ghost-bikes.com

E. WIENER BIKE PARTS GMBH

Max-Planck-Straße 8 - DE-97526 Sennfeld
+49 9721 6501-0 - info@bike-parts.de
bike-parts.de

WINORA-STAIGER GMBH

Max-Planck-Straße 6 - DE-97526 Sennfeld
+49 9721 6501-0 - info@winora-group.de
winora-group.de

DENMARK

CYCLE SERVICE NORDIC APS

Emil Neckelmanns Vej 6 - DK-5220 Odense SØ
+45 65 99 24 11 - info@cycleservicenordic.com
cycleservicenordic.com

FINLAND

TUNTURI OY LTD

Varusmestarintie 26 - FI-20360 Turku
+358 10 273 3200 - info@tunturi.fi
tunturi.fi

SWEDEN

TUNTURI SWEDEN AB

Honungsgatan 23 - SE-432 48 Varberg
+46 340 64 60 00 - info@tunturi.se
tunturi.se

SWITZERLAND

ACCELL SUISSE AG

Industriestraße 21 - CH-6055 Alpnach Dorf
+41 41 670 2190 - info@accell-suisse.com
accell-suisse.ch

SWISSBIKE VERTRIEBS GMBH

Industriestraße 21 - CH-6055 Alpnach Dorf
+41 41 620 7455

HUNGARY

ACCELL HUNLAND KFT.

Parkoló tér 1. - H-5091 Tószeg
+36 56 586 481 - hr@accell-group.com
accell-hunland.hu

TAIWAN

ACCELL ASIA LIMITED

(Elevator 12F) 11F., No.287, Sec. 3, Nanjing E. Rd.
Songshan Dist. - Taipei City 105
+886 2 2740 2214 - public@accellgroupasia.com

COLOPHON

TEXT

Accell Group

Heerenveen, The Netherlands

Van der Vorst | Co.

Den Haag, The Netherlands

DESIGN & LAY-OUT

Boerma Reclame

Gouda, The Netherlands

WEBSITE

Mattmo Creative

Amsterdam, The Netherlands

FOTOGRAFIE

Hermien Lam Fotografie

Bergen, The Netherlands

PRINTING & DISTRIBUTION

Het Staat Gedrukt

Gouda, The Netherlands

ADDITIONAL INFORMATION

Accell Group N.V.

Tel: +31 513 638 703

E-mail: info@accell-group.com





Helsingborg, Sweden
Photo: Felix Gerlach



**ACCELL
GROUP**